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USSR Report

INTERNATIONAL AFFAIRS

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WORLDWIDE TOPICS

REVIEW OF SOVIET BOOK ON INTERNATIONAL CONTROL OF TNC

Moscow FOREIGN TRADE in English No 1, 1987 p 8

[Text]

**V.V. Natalukha, *International Private Business and the State*,
Mezhdunarodniye Otnosheniya Publishers, Moscow, 1985.**

The book looks at the matter of setting up an intergovernmental system for controlling the activity of international private business and analyzes a proposed mechanism and its operative system. The author shows that the object of the intergovernmental regulation is to control the transnational corporations (TNC). Representing international private business, the corporation establishes relations with the current government to ascertain its possibilities of achieving control over the international private corporation's activity.

The book points out that the process regulating TNCs activity is increasingly influenced by the socialist states taking part in this process. Their task is to secure a restructuring of international economic relations that would cancel out the negative consequences of the TNCs activity.

The work analyzes national and international aspects of state regulation over TNCs activity. The positions of different participants concerning a regulatory process—international private corporations, states and international organizations, trade unions, are compared.

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English translation, "Foreign Trade", 1987

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EAST-WEST RELATIONS

EEC TRADE POLICY TOWARDS SOCIALIST COUNTRIES REVIEWED

Moscow FOREIGN TRADE in English No 1, 1987 pp 33-38

[Article by Valeri Gorsky and Yelena Chebotareva]

[Text]

The general crisis of capitalism has sharply intensified the competition for sales markets, investment spheres, raw material sources and for superiority in the key sectors of scientific and technological progress. Among the participants in this competition are not only individual industrial capitalist countries and their monopolies but also integrated state-monopolistic associations. These include above all the European Economic Community (EEC), a major economic grouping in the capitalist world.

In setting up the EEC its participants considered it their top-priority task to establish in the interest of monopoly capital a common market with a free movement of goods, manpower, services and capital within its bounds. Great importance was attached to providing conditions for the member-countries' economic expansion outside the Community. During the 30 years of its activity the EEC's main achievement was the setting up of a customs union (1968), which meant the abandonment of duties and quotas in the member-countries' mutual trade and the application of a common tariff to the import of goods from third countries, as well as the introduction of a common trade and agricultural policy.

All attempts to coordinate the economic policy, except for the setting up of the European Monetary System in 1979, failed. However, as a consequence of the serious contradictions between the EEC members, which were aggravated by the economic crisis and the expansion of the Community, the grouping has over the past ten years experienced a stagnation period. *The Washington Post* on this point wrote that chiefly occupied with their internal

disputes the members of the Community had proved themselves unable to work out a coordinated political and economic strategy so as not to lag behind the United States and Japan, their principal rivals on the international scene.¹

Fearing that the protracted stagnation in the EEC's internal development may weaken its positions abroad, the leading circles of the Community are trying to find a compromise way out of the situation. With this aim in view a special intergovernmental conference of the EEC countries was convened in 1985, at which important decisions were adopted.

First, changes were made in the Treaty of Rome. The sphere of the Treaty's application was broadened: it now includes questions which are especially topical today (monetary relations, scientific and technical cooperation, the environment). The task has been set of organizing by 1992 a common internal market of the Community and concrete ways have been mapped out for its accomplishment.

Second, the mechanism for taking decisions by the EEC bodies has been improved, as, in recent years, it has often misfired. For instance, the EEC members have enlarged the circle of questions which are decided by a majority of votes and, hence, the application of the unanimity rule (veto) has been restricted, thus facilitating the functioning of the Common Market.

This attests to a change in the development tendencies of the integrated grouping: in the past this development proceeded (in spite of the Treaty of Rome) predominantly on an interstate basis, whereas at present a shift has been outlined for the first time towards the supranational principle. This new tendency which first and foremost meets the interests of big monopoly capital tends to further restrict the sovereignty of the EEC members.

Third, a special treaty has been worked out to enhance the coordination of the EEC countries' foreign policies which are not covered by the Treaty of Rome.

Fourth, for the first time the EEC members have officially defined the long-term objectives of West European integration, i.e. establishment of the economic and monetary union and then what is called the European Union covering the whole complex of relations between the member-countries, including their foreign policies and defence.

All these questions are reflected in the document referred to as the Single European Act which was signed by the governments of the 12 member-countries in February 1986

and will come into force after its ratification by the parliaments of these countries.

The decisions of the intergovernmental conference do not remove all the difficulties and contradictions between the members of the Community and therefore its development will hardly proceed any faster. They, however, have given fresh impetus to the integration processes in the EEC. The main directions in the activity of the grouping at the present stage have been indicated: the setting up of a common internal market and the pooling of the member-countries' efforts to achieve progress in the scientific and technical sphere. In the EEC it is believed that without these complicated problems being solved Western Europe will not be able to withstand the competition of the other imperialist powers and maintain its positions in the capitalist world.

At present the factual isolation of the EEC members' national markets prevents improvement of the competitive position of West European industries. Despite the formation of the customs union in 1968 and the removal of tariff barriers on trade between its participants, no common market has actually been formed. The free movement of goods, manpower, services and capital continues to be hindered by numerous barriers, whose number sharply increased in the years when the economic situation of the member-countries deteriorated. These barriers include different taxation levels, technical norms and standards, the restriction of access to government orders, difference in national legislations and the like. Instead of the expected removal of customs control between the member-countries the latter are now faced with stiffened frontier formalities, which make export-import transactions within the Community ever more expensive. The costs of the national markets' isolation are estimated by the EEC Commission at 50,000 million dollars annually, which is equal to approximately two per cent of the total GNP of the EEC members.

Although the nominal capacity of the market of the 12 EEC countries exceeds the capacity of the US and Japanese markets, its fragmentation actually deprives the Community of this advantage, which prevents the setting up of modern large-scale lines of production and the extensive application of advanced technology, a circumstance that, in the final count, affects the competitive position of West European goods. For instance, the use in the EEC countries of two competing TV systems (the French SECAM and the West German PAL) compels the French Thomson to turn

out its products in several versions, with the result that its TV sets are more expensive to buy than the Japanese ones. According to Philips, the biggest exporter of domestic electronics in Western Europe, a real common market covering 320 million consumers would, if set up, increase its profits by 50 per cent.

The decision to establish a common internal market of the Community by 1992 presupposes the creation of such conditions for the EEC countries' mutual trade which would be as close as possible to the conditions of national markets. Measures have been mapped out for complete removal of the remaining barriers at the inner frontiers of the member-countries. For this purpose it is planned, in particular, to effect a gradual convergence of tax rates, to ensure equal access for all members to government orders, to unify and introduce common norms and standards, to simplify customs formalities and frontier control, and so on. It is planned to complete the liberalization of the movement of capital with a view to expanding production investments in the Community, which should also raise the competitiveness of West European products.

The extension of the Treaty of Rome to the sphere of scientific and technical cooperation between the EEC members is called upon to raise this cooperation to a higher level. That which was previously accomplished in this area does not suit the present conditions. The scientific and technical potential of the EEC countries, which taken together exceeds the Japanese and slightly yields to the American potential (without the research facilities used for purely military purposes), is in fact disunited; so far no conditions have been created for the free movement of scientific personnel or for the exchange of scientific information. The body of scientists working in the research establishments of the Community is not, as yet, numerous. The resources for research and development allocated from the budget of the Community are obviously insufficient. All this has resulted in Western Europe having a technological lag behind the USA and Japan in a number of principal directions in the scientific and technical spheres. Between 1972 and 1983, for instance, the output of "hightech" products in the West European countries increased by a mere five per cent a year, whereas in the USA this figure was 7.6 per cent and in Japan—14 per cent.

As a result, the 1980s have seen a marked drop in the share of the EEC countries in the total export of science-intensive articles from the industrial capitalist states. In the period 1980-1983 the FRG's share, for instance, declined

from 16 per cent to 14.7 per cent, Great Britain's—from 9.3 per cent to 8.4 per cent, France's—from 7.3 per cent to 7.1 per cent. Over the same period the share of the USA rose from 25.6 per cent to 26.3 per cent and that of Japan went up from 11.3 per cent to 15 per cent. It is indicative that with Western Europe's relative weight in the world export topping one-third, its share in the world export of modern electronic information equipment is only about 10 per cent.

At present measures are being taken within the EEC to strengthen the scientific and technical potential of the Community by pooling the material and intellectual resources of its members. The accent is on joint long-term research programmes, for which increased allocations are being made from the Community's budget. The programmes themselves are more oriented on the development and application of up-to-date technology in such advanced areas as informatics (ESPRIT programme), biotechnology, controlled thermonuclear synthesis, renewable energy sources, protection from radioactive radiation, etc. Research institutions, government and private enterprises of the member-countries are participants in the joint research and development activities envisaged in these programmes.

Consolidation of the EEC lays foundations for enhancing the grouping's external economic expansion. The tendency towards the growing interdependence of states in the present world and the impossibility of solving a number of global problems on a regional basis have increased still further the importance of external contacts in the EEC's activity in the 1980s. Despite the contradictions between its members on problems of integration, the Community continues to consolidate its positions on the world arena. In their external economic relations the EEC members more and more often unite, thus achieving results which none of them could achieve on their own. Obviously this happens when their economic and political aims coincide.

The West European subregion is the main direction of the EEC external economic policy at the present stage. The EEC comprising twelve states has in fact become the core of Western Europe and continues to expand its sphere of influence, above all on the member-countries of the European Free Trade Association (EFTA).

On the strength of agreements signed back in the 1970s, customs duties and quotas have been fully lifted on industrial goods in these countries' trade. There is a process that is gradually removing technical obstacles to mutual trade, unifying standards and trade documentation and sim-

plifying frontier formalities. Thus, a West European free trade area has been set up covering 18 EEC and EFTA countries. Taking into account the preferences granted by the EEC to the 66 developing nations of Africa and the Caribbean and Pacific basins within the framework of the Third Lomé Convention (1984) and also under the agreements on trade and economic cooperation with seven Mediterranean countries (the late 1970s), the EEC preferential trade area now covers the whole of Western Europe, the greater part of the African continent and practically the entire Mediterranean area. Its existence undermines the principle of most-favoured-nation treatment and is leading to discrimination in international trade.

The setting up of a free trade zone in Western Europe has served as a starting point in developing closer trade and economic ties between the EEC and the EFTA countries. More and more widespread is the EEC cooperation with the EFTA in research and development, environmental protection, transport and power engineering. It is also planned to coordinate the EEC policy with respect to the developing nations. Special mention should be made of the EEC's permanent framework agreements on scientific and technical cooperation with most EFTA members (Switzerland, Sweden, Norway, Finland; talks with Austria are in progress). Enterprises and research institutions of the EFTA countries have a green light to participate in such programmes (ESPRIT for instance) access to which for third countries is, in principle, closed. Besides economic contacts between the EEC and individual EFTA members, direct relations between the two organizations have been developing ever wider in recent years.

There are also examples of multilateral cooperation between government institutions and private firms in the EEC and EFTA countries, that is formally outside the two integrated groupings. Among its main participants are as a rule EEC countries. France, the FRG, Great Britain and Italy, for example, play a leading role in the European Space Agency (the Ariane rocket designed to put communications satellites in orbit; new weather and communications satellites; a space laboratory, etc.). The Eureka project proposed by France in April 1985 is the most important event in the development of cooperation in science and technology on a West European basis. The participants in the project include the governments of the EEC and EFTA countries, Turkey and the EEC as an organization (represented by the Commission of the European Communities).

The Eureka project provides for research covering a number of important fields of advanced technology (development of computers and a new generation microelectronic apparatus, high-powered lasers, new semiconductors and composite materials, artificial intellect, and so on).

Thus there is a tendency to set up a capacious West European market for science-intensive products with the EEC playing a leading role. The formation of such a market guarantees favourable conditions for scientific research and also for the manufacture and sale of West European products and consolidates the joint competitive positions of the states of Western Europe on the world capitalist market. This process is far from complete and is complicated by a series of factors. No small role in this respect belongs to the USA which strives to control West European projects by forcing the continuing dependence of Western Europe on American technology. For instance, the space militarization programme, SDI, spearheaded against the socialist community, is also intended to leave the West European countries far behind in the field of advanced technology and involve them in the preparation of "star wars," assigning them the subordinate role of "subcontractors" to the US military-industrial complex. According to the US administration's calculations, the drawing of its NATO allies into the work of implementing the SDI programme would drain the brain and material resources from Western Europe and retard its independent technological progress.

The USA has managed to sow discord among the members of the European Community. Now, the FRG, Great Britain and Italy have accepted the US offer to participate in the SDI programme at governmental level or on the level of companies (with the consent of the governments). This has seriously weakened the efforts to carry out the West European scientific and technical programmes, above all the Eureka project conceived to counterbalance the SDI programme.

At the same time there is a sharp aggravation of contradictions between the EEC and the USA covering an ever wider range of questions. Palpable damage is being done to the economies of the EEC countries by the economic policy of the Reagan administration which for several years now has been pumping capital out of Western Europe by imposing high interest rates and an excessively high exchange rate to the dollar. In the area of foreign trade the USA tried to undermine EEC agrarian export and also introduced rigid quotas on the import of ferrous metals,

thus confronting the iron and steel industry of the EEC countries with grave consequences.

The openly hegemonistic course being steered by the American administration, which in its policy ignores the interests of its allies, impels the EEC members to unite and develop their cooperation on a regional, West European basis in various spheres (monetary, energy, scientific and technical, and others). European Community countries strive to pursue their own policies in the area of economic ties with third countries. The US leading position in the economic, scientific and technical areas, however, restricts the EEC's possibilities in conducting a fully independent policy.

This, in particular, affects the relations of the EEC members with the countries of the socialist community, which are characterized by two contradictory tendencies. On the one hand, there is an interest of the West European states in developing their traditional trade and economic ties with the CMEA countries; this interest is especially evident during economic recessions and mass unemployment.

On the other hand, processes are under way in Western Europe which objectively reduce the possibilities of developing trade between the socialist and capitalist countries. These processes are directly connected with the activity of the European Community and especially with its discriminatory trade policy towards the socialist states. In the recent period the negative influence of the growing international tension and the USA's increasing pressure on the West European states with a view to compelling them to curtail their trade with the socialist countries is being increasingly felt. Although the EEC members agreed to the American policy with a great deal of reservations, the USA, actively using the NATO, the COCOM, the OECD and other organizations, has to a marked degree succeeded in imposing on them its own approach to economic ties with the socialist states and adopting decisions which are in fact intended to spoil and restrict East-West trade.

Most serious obstacles to this trade have arisen in connection with the lengthy extension to the lists of goods prohibited or restricted for export to the Soviet Union and other CMEA countries (the COCOM's lists). Under the pretext of banning the export of "strategical goods" their authors have included therein practically all science-intensive products and advanced technology. The final use of products and technologies exported to the EEC countries by the USA is placed under control, now stricter than ever before, to prevent their transfer to the socialist countries.

The measures taken within the COCOM hamper the further development of East-West trade and industrial cooperation and in some cases foil the fulfilment of contracts already signed. That conditions have worsened for extending credits for the export of machines, equipment and some other goods from the EEC countries to the USSR and other CMEA member-states is reflected in the higher rates of interest on credit as never before.

The curtailment of exports to the socialist countries for political reasons often causes damage to the EEC members themselves. That is why they not always blindly follow US policy as was the case with the "gas-pipes" transaction in the past. The EEC bodies made a protest against the USA in connection with its violation of international law and attempts to impose on them the extraterritorial operation of American laws (the EEC Council's note of August 1982). In February 1986, the European Parliament unanimously passed a resolution in which it severely condemned the USA's interference in the sale of Western technology to the socialist countries and noted that this interference caused considerable damage to the EEC countries' export.

Besides export restrictions, the EEC applies with respect to the Soviet Union and other socialist countries a whole system of import barriers whose effect is increased by the Western countries' growing protectionism under the impact of their economic difficulties. Moreover, many of the restrictions on imports from the socialist countries are sheer discrimination.

Import quotas and control continue to be one of the main instruments of the EEC protectionist policy in relation to the Soviet Union and other CMEA countries and they have a patently discriminatory character. Of the 1,010 points in the EEC countries' common customs tariff the consolidated "liberalization" list for the socialist countries contains 701 (under 70 per cent) complete and 104 partially liberalized points. For the GATT member-states the degree of import "liberalization" is much higher and approaches 90 per cent. For goods having quota restrictions, before placing them on the Common Market an import licence or a similar document must be granted by the competent bodies in the relevant member-countries, this is to keep the sales of these goods within the fixed quotas. For many goods quotas are established in terms of value, which when the quotas are unchanged or even slightly increased means, in conditions of inflation in the capitalist world, actually reducing them.

The EEC has worked out a system of "protective

measures" which the Community's bodies may apply to the socialist countries. These include: control over imports by way of special import licences; reduction of the time of their validity; introduction of quotas; a ban on imports. It is worth noting that "in conducting an investigation (into the possible damage) the Commission takes into account the specifics of the economic system" of the socialist states.²

In recent years the collective limitation of imports on the basis of agreements with exporting countries on the "voluntary" restriction of their exports to the Community has found ever wider application in the EEC's practice. Outwardly the "voluntary" restriction of exports looks like the result of an agreement between the importer and the exporter. In actual fact, however, this type of restriction is imposed on the exporter under the threat of applying ever stronger restrictive measures. Such agreements are extensively applied in the textile trade (with 26 countries) and in the ferrous metal trade (with 20 countries). Among the signatories to these agreements are five CMEA members: Bulgaria, Hungary, Poland, Romania, Czechoslovakia.

Antidumping regulations are one of the trade policy instruments widely adopted by the EEC for reducing or stopping imports from the socialist countries. Between 1978 and June 1986 the USSR was charged with dumping on 33 occasions; these applied to raw materials and semimanufactures (primary aluminium, cathode nickel, copper sulphate, soda ash, etc.) and even to finished articles (electric motors, clocks and watches, photoenlargers, refrigerators, and so on). The USSR was repeatedly accused of dumping some of these goods. The antidumping regulations now in force in the EEC make it possible for the EEC Commission to take an arbitrary approach to shipments from the USSR and other socialist countries, above all in proving the fact of dumping and in choosing a basis for determining the "normal" value of a commodity.

In 1984 the Community adopted a New Commercial Policy Instrument (NCPI) intended to counteract the "illegal trade practices" of third countries, which in the view of the EEC members are detrimental to their interests not only on the Community's internal market but on export markets as well. NCPI enables the EEC bodies to unilaterally apply measures having a trade policy character: to increase customs duties, to introduce quotas and other restrictions on imports, and so on. Special mention should be made of the fact that with respect to the socialist countries which are not GATT members and have no

agreements with the Community, the EEC may unilaterally take "protective" measures without any consultation.

The 1980s have seen the EEC expanding its sphere of customs-tariff and agricultural protectionism due to the admission of new members—Greece, Spain and Portugal. This tangibly affects the interests of socialist countries, the Soviet Union inclusive. For instance, the application of the common tariff protecting the EEC's customs territory creates unequal conditions for the access of Soviet goods to its market and compels Soviet foreign trade organizations either to lower the prices of their goods or stop their export completely. Such a situation hinders the normal development of trade and prevents improvement of the Soviet export pattern. The interests of the CMEA member-states are seriously infringed by the EEC's regulation of its foreign trade in foodstuffs as a component of its unified agricultural policy. With respect to these states the EEC applies special measures raising additional obstacles to their trade with the EEC countries (a system of supervision and control over imports, higher compensatory duties, etc.). The protectionist barriers have, in general, reduced food shipments to the Common Market from the socialist states.

The setting up of a common West European market and of an extensive preferential trade area around the EEC has an adverse effect on the foreign trade of the socialist countries.

In a number of cases the EEC members, in line with US policy and for political reasons, applied various illegal sanctions in their trade with the USSR and other socialist countries.

As a new element in the EEC's practice we shall mention its attempts to legalise discrimination against the socialist states and lay a theoretical foundation for it. The idea of the conception advanced by the Community consists in the fact that such a norm of international law as non-discrimination cannot supposedly be applied in its trade relations with the socialist countries because their economic system differs from that of the countries with a market economy. The EEC also tries to introduce in the East-West trade relations the so-called effective reciprocity principle whose idea is to strip the most-favoured-nation treatment, a principle underlying international relations and laid down in the UN Charter, of its unrestricted and gratuitous character.

Thus, despite the provisions of the Final Act signed in Helsinki on August 1, 1975, the EEC countries over the past ten years have not only failed to take any important step to

remove discriminatory restrictions in their trade with the USSR and other CMEA members but even raised new barriers to it, thus hampering the development of East-West trade and economic cooperation.

In an effort to redirect the relations between these groups of countries into the mainstream of the all-European development process the socialist countries have repeatedly put forward initiatives intended to eliminate the obstacles in East-West trade. They believe that things should be handled in such a way that they would not lead to a confrontation between states with differing social systems or raise ever new obstacles in the relations between them, but to a search for constructive ways of developing stable political and economic relations in a peaceful world with due regard for the existing reality.

In the Declaration adopted at their Summit Economic Conference in 1984 the CMEA member-states confirmed their intention to promote fruitful trade, economic, scientific and technical ties with all industrial capitalist countries which are willing to have them.

They also proposed establishing mutually advantageous relations between the Council for Mutual Economic Assistance and Western economic organizations, including the EEC.

In accordance with this statement the CMEA in May 1985 moved a constructive initiative to conduct talks with the EEC on the establishment of official relations between the two organizations by signing a joint declaration. This initiative is to help increase mutual trust, mutually beneficial and equal cooperation between both organizations and their member-countries in accordance with the principles of the Final Act of the Conference on Security and Cooperation in Europe. It takes into account the real state of affairs in Europe today and the vital need to maintain the traditional ties between the East and the West. Official relations between the CMEA and the EEC would make a weighty contribution to the cause of European and international cooperation and universal peace.

As a result of the working contacts and understandings reached between the CMEA and the EEC, in September 1986, a meeting of the delegations from both organizations was held in Geneva at expert level. The meeting had as its aim the discussion of ways and means for establishing official relations between the CMEA and the EEC. The experts in a businesslike manner concentrated their efforts on a discussion of the draft declaration proposed by the Secretary of the CMEA.

M.S. Gorbachev, General Secretary of the CPSU Central Committee, at the meeting with a French parliamentary delegation in October 1985 noted in part: "The establishment of more businesslike relations between CMEA and the EEC also appear to us useful. The countries of the Council for Mutual Economic Assistance have displayed in this respect a constructive initiative, which appears to have been met favourably. It is important for it to produce concrete results. Here, as has already been stated, is the measure in which the EEC countries act as "political unit," we are prepared to find a common tongue with them on definite international problems as well."³

¹ *The Washington Post*, April 7, 1984.

² *Journal officiel des Communautés européennes*. n° 195, 5 juillet 1982.

³ *Pravda*, October 4, 1985.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

ROLE OF DIRECT TIES IN CEMA ECONOMIC INTEGRATION

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, 1986 pp 53-56

[Article by Oleg Bakovetskiy, candidate of economic sciences, MIEP MSS (Council for Mutual Economic Assistance International Institute for Economic Problems of the World Socialist System): "Intensive Forms of Interaction are the Levers for Acceleration"]

[Text] The huge strides undertaken by CEMA member-nations to deepen international cooperation in science, technology and production are crucial to the all-round intensification of these countries, and they enhance the technical and economic independence of all socialist cooperation.

The continued development of socialist economic integration is associated with non-traditional, creative and innovative approaches, to the search for new avenues, including those in the area of directly interacting economic links, with expanding direct production-related ties among those links, and the setting up of jointly-operating associations, enterprises, design bureaus and laboratories. The development of intensive forms of collaboration is seen as indispensable to the implementation of the Integrated Program for Scientific and Technical Progress of the CEMA Member-Nations Up To the Year 2000.

THE ACTUAL NATURE OF DIRECT TIES

What has brought about the need for direct ties? When we speak of direct production-related and scientific and technical ties, we understand them to mean relations between the associations, enterprises and organizations of CEMA member-nations, which are aimed at making and implementing joint decisions concerning questions of mutual collaboration. They are set up, as a rule, on the basis of contracts, agreements and protocols for scientific and technical and manufacturing cooperation. The limits of the independence of associations and enterprises which have established direct contacts among themselves are defined as being in effect within countries with economic bodies of laws.

Direct ties are the most important means for bringing about stable and effective cooperation, for exchanging advanced experience, and for rendering mutual aid in mastering and introducing new technology and production methods. The development of these ties at the present stage must be aimed at meeting

the targets for Scientific and Technical Progress set by the Communist Party, radically increasing public labor productivity, upgrading and renovating equipment, more completely utilizing production capacities and economizing on resources, increasing output production, and being second to none regarding technical level and quality in world achievements. Direct ties create conditions favorable to displaying economic initiative in enterprises and economic motivation in the results of collaboration. This also defines their most common objective, which is that of enhancing the effectiveness of mutual collaboration by enlisting those reserves which exist on the level of the associations, enterprises and scientific research organizations.

The concept of direct ties was first formulated in 1971 in the Integrated Program for Socialist Economic Integration. However, the conditions necessary for their widespread development did not exist at that time.

Favorable prerequisites came into being in the 1980's, when the fraternal countries took the course of all-out intensification of production, which was attained primarily by accelerating scientific and technical progress. This put new demands on mutual collaboration. The mastering of advanced technology and production methods is now inconceivable in the absence of purposeful and agreed-upon utilization of the scientific and technical potentialities of states, and without taking into consideration the experience and potentialities of all those participating in socialist integration. International cooperation has been moved to the forefront. And so have direct ties in their role as the basic means for setting it up. This is the major reserve for deepening the integration and unity of the fraternal countries, for accelerating scientific and technical progress, and for expanding the mutual turnover of goods.

Today, our countries are approaching the limit where the problems of further development of collaboration cannot be solved in a practical sense without the help of agreements between states. There are a great many problems connected with controlling this integration which need to be solved on the level of the sector, association and enterprise through direct interaction on the part of these states. This is particularly important with regard to the deepening of cooperation in such high-priority directions as the widespread introduction of electronics into the national economy, comprehensive automation, nuclear power engineering, the devising of new materials and biotechnology.

The course toward international cooperation and the establishment of direct stable, and regularly scheduled cooperative ties between associations and enterprises of socialist countries is a result of the economic effectiveness of their development. This cooperation permits the scientific-production systems of the fraternal socialist countries to be joined together on the basis of equal and mutually beneficial collaboration, to markedly accelerate the dissemination of innovations, and to ensure the concentrated and rational utilization of resources of all types. The advantages of direct ties are manifested most completely in the process of industrial and scientific and technical cooperation.

Experience has shown that the producers and developers themselves do the best job of laying out fully-detailed plans for cooperation, as well as of putting

them in practice. They are thoroughly familiar with all the scientific, technical and production problems which can arise during manufacture, as well as with associated economic problems. It is no accident that the solutions to many of the problems associated with collaboration, which are devised at the association and enterprise level, turn out to be the most effective. This is particularly true when jointly developing new types of output, where there is a need for flexible strategic contacts which are far different from traditional foreign trade operations.

Direct contacts between CEMA member-nations play a major role in dealing with international legal obligations. In making their contribution towards meeting these obligations, in developing concrete production plans, in establishing direct contact with their partners in collaboration, those directly participating, i.e., the enterprises and associations of the CEMA member nations, greatly enhance the reliability of inter-state agreements on cooperation.

This is especially important in connection with the increase in reciprocal deliveries and their role in the present-day reproduction process. In fact, even in small volumes, they can have a negative effect if deliveries of large lots of finished products depend on them in turn. A smoothly-operating delivery system is also important, since cooperating enterprises must receive full complements of needed components on time as well, in accordance with their production schedule.

Present-day cooperation requires a flexible approach, one which presupposes the potential for rapid restructuring of the production schedule for manufacturing reciprocally-delivered products. Moreover, producers and clients must set up maintenance systems promptly. All these things make direct ties a necessary attribute of cooperation.

At the same time, the form of integrated interaction taken by CEMA member-nations cannot develop effectively under a planned economy in the absence of state control. Direct ties are not expected to replace, but to augment collaboration among the central administrative organs, and to serve as the final element in the entire system of planned interaction among the CEMA member-nations.

THE ACCUMULATED EXPERIENCE

In each of the countries involved in socialist cooperation, a variety of economic organizations have been set up, which have equal authority to establish direct ties among themselves. In the People's Republic of Bulgaria, for example, there are economic organizations, scientific production associations and engineering-applications organizations; the GDR has combines.

Of course, there are definite differences in specific procedures and methods for supervising direct ties, and these differences stem from special features of the economic mechanisms operating in the countries. However, one thing unites them--the fact that they create opportunities for associations, enterprises and organizations to collaborate directly.

Direct ties between enterprises of CEMA member-nations are established, as a rule, in two ways. First of all, through international cooperation, which elicits the need for further deepening of collaboration and a further increase in its effectiveness. The second way is through the amicable ties which have developed between labor collectives of enterprises of related sectors, sister cities and areas across borders from each other. There is a third way as well: based on information about manufactured output, an enterprise from another country can offer it to a producer for the purpose of looking into the possibility of collaboration, and can then establish close manufacturing contacts when mutual interest has been expressed.

There are numerous examples of direct ties having been successfully developed in the economic practice of socialist collaboration. By making use of them, enterprises have better coordinated their work with their partners, saved time and assets in conducting scientific research and have come up with design resolutions and attained high qualitative indicators.

The collaboration of Moscow's specialists from the ENIMS [(Order of Labor Red Banner) Experimental Scientific Research Institute for Metal-Cutting Machine Tools] and their colleagues from the NRB [People's Republic of Bulgaria], the VNR [People's Republic of Hungary], the GDR, the PNR [Polish People's Republic], the SRR [Socialist Republic of Romania], the CSSR and the SFRYu [Socialist Federal Republic of Yugoslavia] are examples of highly effective direct ties. Multilaterally, they are determining long-term trends in manufacturing finished products and complementary assemblies, and on a bilateral basis, are devising prototypes, carrying out unification and standardization work, and making forecasts. For example, a lathe and machining center for making parts up to 800 mm in diameter has been set up by specialists from the USSR and the CSSR, a semiautomatic cylindrical grinding machine with NC was jointly devised by the USSR and the NRB and internal grinding machines and control systems have been jointly developed by the USSR and the SFRYu.

Direct ties invariably accompany international cooperation, and substantially enhance its effectiveness. This holds true in part regarding the collaboration between the Bulgarian and Soviet machine builders who devised the transporter unloader for automatic production lines; to the joint construction by the NRB and the CRR of the Ruse-Dzhordzhu Heavy Machine-Building Plant, and the interaction between the USSR with the NRG, the VNR, the PNR and the CSSR in motor vehicle building. At the beginning of July 1968, within 11 of the Soviet ministries making up the USSR machine-building complex, direct ties with related organizations in CEMA member-nations were used in supporting 139 associations and enterprises, with 118 added to them during the last two months, and with 99 proposals still being worked on.

There are, of course, direct ties being developed in a great many sectors of the national economy. For example, in transport we have the operation of the seagoing ferry which travels from Ilichevsk (USSR) to Varna (NRB) and the joint construction of the first phase of the seagoing ferry between the USSR and the GDR.

THE ROLE OF THE "LOAD-CARRYING STRUCTURE"

The economic growth and the tasks of accelerating scientific and technical progress set forth in the Integrated Program for Scientific and Technical Progress both require further improvements in the methods used in joining production to scientific potential, in exchanging economic experience and in working out new forms for the direct interacting of the associations and enterprises of the fraternal countries.

At the present stage, direct ties are called upon to become the basic means for organizing international cooperation, both vertically (along the entire chain of the reproductive process) and horizontally (between the economy's single-specialty links). At the same time, the forms and methods used to set up this cooperation need to be brought closer to the national and foreign partners.

In a situation such as this direct ties begin to act as the "load-bearing structure" as regards the formation and operation of the CEMA member nations' large-scale international scientific production complexes. Here, a special role is played by those leading organizations, set up on the basis of the major Soviet scientific centers, whose purpose it is to carry out the varied assignments of the Integrated Program for Scientific and Technical Progress. It is precisely these organizations which have been called upon to give the most help in setting up direct ties between the practical executors of the Integrated Program.

This is why the need is so great today for improvements in the national and international mechanisms for collaboration. In the Soviet Union where, just as it is in the other cooperating countries, putting the Integrated Program for Scientific and Technical Progress into practice is seen as a task of utmost importance, steps have been taken to fulfill the USSR's obligations within the framework of this strategic document. As is well known, Soviet organizations are acting as leaders in solving all 93 of the Program's problems. These organizations include institutions of a new type--the MNTK's [Intersectorial Scientific and Technical Complexes]. They are laying the foundations for solving key scientific and technical problems and for introducing the obtained results into production. Theirs is the task of determining the most efficient ways to advance to the outermost limits of science and technology, to conduct their work right through the entire cycle, from basic research to series production of state-of-the-art equipment.

In order for the leading Soviet organizations to be successful in carrying out their assignments, they need to be given plenty of scope in their relations with foreign partners and the chance to directly establish and constantly maintain direct scientific and production ties with them.

A number of major measures in this direction were provided for in the recently adopted CPSU Central Committee and USSR Council of Ministers decrees "Measures for Improving Management of Foreign Economic Ties" and "Measures for Improving Management of Economic and Scientific and Technical Collaboration with Socialist Countries". In an effort to develop direct production ties in every way possible and to create favorable economic and organizational conditions,

the rights of associations and enterprises have been expanded, thus allowing them to actively join in international production and scientific-technical cooperation.

The main thing is the time factor. New and intensive forms of collaboration are making possible a strategic concentration of production and intellectual potential in leading directions of scientific and technical progress. They are creating conditions favorable to the developing, within a very brief period of time, of the latest equipment and production methods, to the training and retraining of a skilled work-force, to the setting up of manufacture of scarce products etc. In ridding themselves of superfluous inter-state bureaucratic hurdles, they have been called upon to implement an effective and flexible system of international cooperation.

In a word, the advantages inherent in developing direct ties between CEMA member-nations' associations, enterprises and organizations are indisputable. At the same time, this important matter is rife with a great many unsolved problems. The economic and legal levers have yet to be completely adjusted. There exist unused reserves as well. The efforts of the countries involved in socialist cooperation are aimed today at putting these reserves to work.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

JURIDICAL ASPECTS OF CEMA S&T PROGRAM TO 2000 EXAMINED

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, 1986 pp 91-97

[Article by Rudolf Petrosyan, responsible secretary of the Soviet Section of the CEMA [Council for Mutual Economic Aid] Conference on Legal Questions, candidate of juridical sciences: "A Special Kind of International Agreement: Improving the Legal Foundations of Collaboration"]

[Text] Realization of the Communist Party's Scientific and Technical Program presupposes coordinated actions on the part of CEMA member nations which will result from concentrating their efforts on selected high-priority directions and devising the necessary measures for providing economic, legal, organizational and other conditions for the Program's timely and successful execution. In his article, Responsible Secretary of the Soviet Section of the CEMA Conference On Legal Questions, and Candidate of Juridical Sciences Rudolf Petrosyan sheds light on certain juridical aspects of this interaction within the framework of the Program.

A JURIDICAL ANALYSIS OF THE PROGRAM'S CONTENT

The Integrated Program for Scientific and Technical Progress for CEMA Member Nations to 2000 has tremendous political, economic and international legal significance, and is a special kind of international (intergovernmental) agreement with regard to its juridical character as well. There are three sections to the document, and each section contains obligations differing in their purposes, to which the member states subscribe.

The first section, which lays out the Program's objectives, tasks and collaborative principles, contains the member-nations' basic obligations for practical implementation of the Program. These obligations consist in the countries' reaching an agreement on carrying out those measures in the Program based on the principles of the CEMA Charter and the Integrated Program for Continued Deepening and Improvement of Collaboration and Development of the Socialist Economic Integration of CEMA Member-Nations, and in the decisions of the Economic Conference of High-Level Member-Nations, and based primarily on the principles of Socialist Internationalism, the Statutes of the United Nations Charter and the Final Document of the Session on Security and Collaboration Within Europe.

Mention should also be made of the preparedness of the countries to begin collaborating in priority directions with regard to selecting and carrying out an agreed-upon scientific and technical policy, and to collaborate with concerned countries in a unified scientific and technical policy. Seemingly, the first could be agreed upon while coordinating national economic plans and could be drawn up with the appropriate protocols concluded between the central planning agencies, science and technology departments and other state organs.

As for a unified scientific and technical policy, it could be dealt with beforehand during the coordinating process, or afterwards within the framework of other arrangements. But considering the fact that this might involve these countries' individual legislative norms, these agreements should be formulated on the inter-state or intergovernmental level.

An important point in the first section is that the countries consent to take into account in their documents their obligations for carrying out the Program and to include them in their national plans for economic and social development, including for the current five-year plan period, in accordance with their interior planning systems and with the administration of their national economies.

The USSR reflected this in its Basic Directions for the USSR's Economic and Social Development for 1986-1990 and for the Period up to 2000, ratified by the 27th CPSU Congress (March 1986) and in the CPSU Central Committee and USSR Council of Ministers' decree on realization of the Program, when it referred to it as an inviolable part of the long-term foreign economic strategy of the CPSU and the Soviet State.

The second section, which is devoted to the outermost limits of scientific and technical progress and the specific technical goals of collaboration in priority directions, calls for an obligation that the outlined goals be attained primarily through proper coordination of the fraternal countries' efforts, and that this be accomplished by improving their economic relationships. Again, this bears out their confidence in the advantages of the international socialist division of labor, the potentialities of socialist economic integration, the capabilities of socialism to find solutions to the most complex problems by multiplying the potential of the involved countries, through their striving to consolidate the unity and solidarity of the fraternal socialist countries and socialism's positions relative to the worldwide competition with capitalism.

The concluding section sets forth the basic organizational and legal positions related to methods for realizing the Program, among which we need to single out the consent of the countries to collaborate on priority directions based on mutually coordinated agreements and contracts which combine all stages of the science-technology-production-sale process and which, according to the need for these objectives, define the effective agreements precisely. It will quite soon be time to prepare and agree on more than 50 new intergovernmental and interdepartmental agreements and civil law contracts related to scientific and technical collaboration and international industrial specialization and cooperation.

Particular emphasis will be given to providing agreed-upon measures with necessary material and financial resources. In so doing, they will be financed in a number of ways: by using national resources, MIB [International Investment Bank] and MBES [International Bank for Economic Cooperation] credits and commonly-held funds set up by the concerned countries to finance individual crucial measures, which are defined in their agreements and contracts. This has required the preparation of special rules regulating the procedures for the forming and functioning of these funds.

It might also be well to mention the arrangement by which countries agree on their actions when participating in the Council for Mutual Economic Aid since, having made the Program the basis of their activities, they will be dealing with fundamental problems on a regular basis, and will be deciding on the main directions for the Program's further development, which presupposes the need to improve the organizational system within which collaboration will function, and to review the functions and authority of CEMA agencies.

IMPROVING THE CONTRACT SYSTEM USED IN COLLABORATION

The successful implementation of the Program and the obligations contained therein depends in large part on their being drawn up and secured legally and the prompt straightening out of the legal system used in collaboration. This is closely coordinated with the restructuring, now underway in the countries, of the systems for controlling foreign economic ties and improving the economic mechanism. In order to accomplish this, it would seem advisable, based on an analysis of the present state of legal regulation of scientific and technical collaboration, contractual practices and the legislation of the countries, to find opportunities to more effectively use existing regulatory forms and methods, model (typical) regulations and contracts and to determine what can soon be done through the countries' joint efforts to prepare new international legal documents of a general nature as well as specific norms (or to refine those now in effect).

At the first stage it is obviously worthwhile to look at the model (typical) interdepartmental agreements and civil law contracts which were drawn up during the CEMA Meeting on Legal Questions (hereinafter referred to as the Conference) and by the CEMA Committee for Scientific and Technical Collaboration (hereinafter referred to as the KNTS), which were used extensively and which have proved their worth in practice. They are listed in the Organizational and Methodological, Economic and Legal Bases for Scientific and Technical Collaboration of CEMA Member-Nations (Orgmetoddokument). They are not normative, but optional, but in view of the authority of the CEMA agency which adopted them, certainly have juridical importance.

Following their approval by the CEMA agency, these model documents are forwarded to the countries for use by their ministries and organizations at their discretion in drawing up concrete agreements and contracts. The majority of them deal with fundamental scientific and technical collaboration, i.e., the conducting of scientific and technical research of mutual interest which takes in scientific research work, drawing and design developments related to the devising of new equipment, development of production processes and materials, manufacture and testing of test models, development of

pilot industrial initiation of new equipment production and production processes and the drawing up of technical documentation.

We refer here to the documents used to reconcile specific agreements and contracts related to those questions wherein such collaborative procedures as coordination, cooperation and jointly-conducted scientific and technical research have been widely disseminated. They include Model Licensing Contracts (of a common variety, related to the transfer of know-how, to the uncompensated transfer of scientific and technical results, or for trademarks) (1974), the Model Contract for Conducting Cooperative Scientific Research, Drawing and Designing and Experimental work (1975), the Model Agreement on Scientific Collaboration on a Problem (1980) and the Model Contract for Conducting Scientific Research, Drawing and Designing and Experimental Works to Order (1982). Considering that these documents were approved prior to the adoption of Orgmetoddokument (the 1985 version) and the Program, their content could have been analyzed within the framework of the Meeting and the CEMA Committee for Scientific and Technical Collaboration for the purpose of more precisely defining or adding to the subject of collaboration, the conditions for financing, the carrying out of the works and the utilization of their results, organizational forms, material liability of the parties and the procedure for considering debates concerning them.

From this point on, bearing in mind the recommendations made by the CEMA agencies and the countries' intentions to strengthen contract discipline at its present stage, it would be desirable, using the Model Regulations on the Material Liability of Organizations with Regard to Contracts Dealing With Scientific and Technical Collaboration, approved by the Conference in 1981, to develop a normative act to deal with questions of material liability of parties involved with civil law contracts, having defined in the act the types of violations of obligations taken on by contract, the forms of material liability and the consequences of failing to meet the obligations. Such a document could be important in and of itself, and could also be part of a composite normative act--such as the multilateral General Conditions for Scientific and Technical Collaboration (OU NTS). The OU NTS would serve as the basis for setting up a procedure similar in its juridical force to that which exists with regard to contracts for foreign trade delivery of goods, as well as to specializing and putting production on a cooperative basis in the OUP SEV [General Conditions for Production of the Council for Mutual Economic Aid] and the OUSK SEV [General Conditions for Specialization and Cooperation of the Council for Mutual Economic Aid], and would help introduce needed uniformity in the practice of trade. In developing them, the experience accumulated in drawing up model (typical) agreements and contracts could be put to good use, and the main points of Orgmetoddokument and the bilateral General Conditions for Scientific and Technical Collaboration which are in effect between the countries and which were developed by the intergovernmental commissions for economic and scientific and technical collaboration, could be taken into account.

Considering present-day requirements and the new approach to solving the problems of providing close production-related and scientific and technical interaction within the framework of the Conference, two extremely timely documents--the Model Interdepartmental Agreement and the Model Civil-Law

Contract for Scientific and Technical and Production-Related Collaboration have already been developed this year, and this associated with the countries' decision "to translate, without further delay, the Program's priority directions into the language of concrete agreements and contracts, which combine all stages of the science-technology-production-sale process." These documents were designed to help find an accelerated and comprehensive solution to important scientific and technical problems, taking into account world class achievements, the introduction into production, in mutually advantageous conditions, of results obtained through production-related collaboration, and sales of output by the joint efforts of ministries, enterprises and institutions of the fraternal countries. In accordance with legislation of the states, provision has been made for forming a successive and gradual contractual system throughout the entire cycle by concluding contracts on cooperation and/or orders, specialization and/or cooperation and contracts on foreign trade deliveries of (cooperatively-produced) output.

A specific feature of the above two acts is the fact that they orient the countries' agencies and organizations toward making more complete use of the potentialities of economic interaction, which includes using the progressive forms and methods of collaboration, i.e., the leading organizations, direct ties, joint enterprises and scientific production associations.

LEGAL QUESTIONS ASSOCIATED WITH THE NEW FORMS FOR COLLABORATION

It has been established by the Program that the high-priority problems will be worked out under the organization of the leading coordinating organizations. By decision of the CEMA Session on All Program-related problems, the leading organizations have defined the Soviet organizations as the largest and most authoritative scientific production associations, research, design and other scientific and production collectives, including the recently organized Intersectorial Scientific and Technical Complexes (MNTK).

The MNTK's, which were set up along the main directions of scientific and technical progress and which were designed to carry out the entire cycle of operations for devising and producing highly-efficient types of equipment, production methods and new generation materials, are made up of scientific research, designing and production organizations and experimental enterprises. The mission of the MNTK that of conducting and coordinating research and developments in accordance with assignments set forth within the Program.

In order to create the most favorable conditions for leading organizations to deal with the most urgent problems, we need to clearly define the tasks, functions, rights and obligations which will help them to function successfully as fundamental organizing and coordinating links between scientific-technical and production-related cooperation. In pursuing these aims, the CEMA Executive Committee (May 1986) approved a document concerning the legal status of leading organizations, to be used to define the position of leading organizations in model, and then in concrete agreements and contracts.

In accordance with the Program, the leading organizations and the countries' organizations taking part in work on any problem based on concluded agreements

and contracts must be responsible for the high technical level and quality of produced output, for meeting targets within the prescribed deadlines and for the widespread utilization of the results of joint manufacturing operations. They should strive primarily: to develop technical and economic substantiation for doing these jobs with some indication of the specific results expected; to draw up a draft for an itemized program of the entire science-technology production-sales cycle and reconcile it with the organizations performing the jobs in their own countries and co-executive organizations from other countries; to prepare new (or add to existing) agreements and contracts for the immediate carrying out of jobs based on the itemized program with subsequent conclusion of civil law (economic) treaties and contracts with the executive organizations, co-executors and the clients--industrial enterprises--producing the output; to give methodological help to the executive organizations and the co-executors of the jobs and to make scientific and technical recommendations; to prepare a variety of types of suggestions and information for the interested parties.

The wide circle of questions which make up the field of competence of the leading organizations necessitates that they be granted the appropriate functions and rights, both in an international document agreed upon by the countries, and in the countries, taking into consideration the body of laws in effect within the USSR. All the conditions necessary for the active inclusion of leading organizations in implementing the Program and ensuring that the results of these efforts are put into production through specialization and cooperation have been created by decree of the CPSU Central Committee and the USSR Council of Ministers as well as by other acts, including those of departmental weight. Directors of ministries, departments and leading organizations have been made responsible for the timely and qualitative carrying out of efforts with organizations of fraternal countries, with achieving excellent final results, for extensively bringing new equipment, production methods and materials into production, and for the meeting of agreed-upon deadlines for contractual obligations.

For the purpose of simplifying the carrying out of joint efforts and finding effective solutions to the problems which crop up in carrying them out, the leading organizations have been granted the right to conclude contracts on their own behalf with CEMA member-nations when conducting scientific research and experimental design work, when manufacturing prototype products earmarked for problem-related collaboration programs and when mutually transferring the results of such work and needed products, instruments and materials. As for the mutual transfer of experimental batches of output manufactured in accordance with collaboration programs, such exchanges can be made on the basis of contracts concluded by leading organizations in tandem with the All Union Vneshtekhnika Association, the prices to be agreed upon by the countries organizations.

Moreover, the leading organizations can submit proposals on questions associated with implementing a collaboration program to CEMA agencies, other inter-state economic organizations and bilateral intergovernmental commissions. This is done according to an established procedure and through a representative of the Soviet delegation.

In order to establish stable, long-term and mutually beneficial intra sectorial cooperation in production and scientific production, the countries have agreed to create conditions conducive to the extensive growth of effective direct ties between the organizations and enterprises comprising the major reserve for extending integration. This is to be done based on contracts. Legislation passed by CEMA member-nations provides for a variety of forms for effecting these ties. As a rule, they are based on contracts concluded on their own behalf by those economic organizations which have the right to carry out foreign trade transactions; on contracts concluded by foreign trade organizations; on agreements for international specialization and cooperation in production signed jointly by economic and foreign trade organizations where the contracts based on these agreements are concluded only by foreign trade organizations; on agreements for scientific and technical collaboration concluded by organizations which have not been granted the right to carry out foreign trade transactions.

At the same time, the laws of individual countries make allowances as well for other opportunities to set up direct ties which were not necessarily set up in the form of contractual obligations. In the first place such diversity presupposes the countries' taking additional measures to expand the rights of enterprises and organizations, their being granted widespread initiative and the boosting of economic incentives through the setting up of various material incentive funds, and in the second place, it presupposes the selection of the most favorable alternative for setting up direct ties and as a rule, the reconciling of documents forming a given effective means of collaboration on a bilateral basis.

A number of important steps of these types have recently been taken in the USSR. Thus the rights of enterprises have been greatly expanded and their responsibility for developing cooperation and direct contacts has been increased, as has their motivation to carry out this work. Thus, they have the right to exchange information on a regular basis with enterprises from the other CEMA member-nations relative to introducing latest scientific and technical advances, on the operational characteristics, qualitative indicators and reliability of those assemblies and parts which make up complete sets and which they supply to each other, and on their work using standardized items in jointly developing machines and equipment; to use a variety of organizational procedures such as conferences of authorized representatives of parties, inter-plant coordinating councils, Soviets of chief designers and to exchange brigades and participate in setting contract prices for the mutual transfer of experienced batches of output, products and services.

In the interests of finding joint solutions to the most pressing problems and to make use of the advantages of mutual collaboration, the countries have come to an arrangement whereby they will, where needed, set up joint scientific and technical and production associations, and joint enterprises. However, in some of the SKhO's [Joint Economic Organization] set up prior to now, the problems of how to organize their economic activity have yet to be solved, and particular emphasis has been given to their coordinating functions, which has given rise to a number of complicated problems in the practice which require further work, including legal problems. Some of the problems touch on the nature of the property upon which the SKhO's are based, their mutual relation

with the central and local administrative organs, the organization of planning, supply of materials and equipment, financing, taxation, foreign economic activity and the working conditions of SKhO employees.

For an SKhO to function successfully, it needs to be sufficiently coordinated with the economic and legal system of the country in which it is located, and must be made an organic part of this system. The most acceptable way to do this is to make it into a corporate body of the country of locale. In principal, this means that SKhO activity must be carried out in compliance with the laws of the country of locale, with certain exceptions to these laws, which have been laid down in the international agreement. And it is obvious that particular attention must be paid both to improving the countries' laws in a given field, and the most favorable combination of international standardized norms and national laws must be found. Such work can be done in the USSR by using the already-adopted decisions which established the sequence for carrying out the work of the SKhO's of the CEMA member-nations inside the USSR and, considering the recently signed guidance documents on the setting up of Soviet and Bulgarian scientific production associations in the field of machine tool building (1985), Robot, the Soviet-Czechoslovakian Association (1985) and Interrobot, a multilateral association (1986), these decisions have been called upon for use in implementing the main points of the Program.

At the same time it is evident that there needs to be a review of the individual rules of the Uniform Statutes on the establishment and activities of international economic organizations, which were approved by the CEMA Ispolkom in 1976. The nature of this document also needs to be changed, giving it normative strength.

Our far from exhaustive list of only juridical problems is evidence of the intense work facing us in implementing the Program. As pointed out at the 27th CPSU Congress, the conjoining of the efforts of the fraternal countries in the key directions of scientific and technical progress will help to find joint solutions to a task of historical significance--the advance to the outer limits of science and technology to serve the ends of continued growth in the well-being of our peoples, and to enhance their security.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

POLISH OFFICIAL ON JOINT ENTERPRISES WITH USSR

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 11, 1986 pp 38-42

[Article by Yuzef Zaykhovski, deputy chairman of the Polish People's Republic Council of Ministers Planning Commission: "Capital Investments: Poland's Interaction with the Fraternal Countries"]

[Excerpt]

JOINT ENTERPRISES

The five-year plan agreements on economic and technical collaboration have already become traditional with regard to setting up economic collaboration between the PNR [Polish People's Republic] and the USSR. We are now talking about a new type of economic tie between them: joint enterprises.

During the coordinating process, it was agreed that at the basis of their operation they would put: jointly-held property to be used as the fixed and current assets formed as the result of equal participation in terms of cost on the part of the partners, joint development and control of the production program and joint responsibility for material and technical security of the production.

It is understood that these enterprises must be profitable, and that their finished product must be distributed taking into account the interests of both founding countries. During the current five-year plan period, the PNR and the USSR have already signed agreements, on the ministry level, regulating the procedure for preparations to form these enterprises. The case in point deals with a plant for household chemicals in Cracow, potato processing enterprises (with a capacity for 260 t per year), a cotton-spinning plant (10,000 t of yarn per year) and Avia helical gearing and electromagnetic clutch plants.

An appropriate intergovernmental agreement will serve as the basis for each enterprise which is set up. Said agreement will have been prepared on the basis of feasibility studies coordinated by properly-qualified organizations from both countries. The agreement will indicate the volume and range of products, the amounts in the enterprise's state fund which defines its creation and activity, the order, conditions and procedures for contributions being made into it by the partners, as well as its bylaws. These enterprises

will have at their disposal legal capacity based on the legislation of the PNR, and their activities will be carried out on a full cost-accounting basis.

The setting up of a plant for household chemicals and the Avia helical gearing and eletromagnetic clutch plants is connected with the modernization and expansion of production capacities now in existence in Poland, and the cotton spinning works and the potato processing plants are associated with the construction of new facilities.

Production at these joint enterprises is slated to begin prior to the end of 1989. The Investment Program associated both with the construction by the PNR of 11 facilities credited by the USSR, as well as 5 facilities being erected on the principles of joint enterprises, is large-scale. The Soviet deposit for implementing the indicated measures in transfer rubles and freely convertible currency has been assessed at over R1 billion.

The effecting of this collaboration independent of obtaining credit from the Soviet partner is associated, for Poland, with a tremendous amount of organizational work and considerable financial and material outlays. Enterprises previously set up with foreign partners will be used to arrange this process.

After the agreements with the Soviet partner have been signed, corresponding decisions will be made individually by each enterprise. It is expected that they will concern the enterprises' investments. The inclusion of the Soviet credits into the system for financing them requires that requisite discipline be observed in making the investments. For the purpose of creating conditions favorable to the successful implementation of the capital investments program which is the basis for the collaboration between the PNR and the USSR, the individual enterprises will be mentioned in the national plan for public and economic development for 1986-1990. Government orders are being put at their disposal. These can be met in accordance with decisions of the Council of Ministers, which orders are controlled by the executive government groups coordinating the activities of those economic organizations taking part in the planning, construction and turning over for operation of each facility.

Thus, the Polish system for organizing and financing investments will be logically augmented by a new, and in a certain sense specific class of capital investments, realizable through the financial and technical participation of foreign partners. This is how sound collaboration with the other CEMA member-nations, and primarily the Soviet Union, is deepened.

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SOCIALIST COMMUNITY AND CEMA AFFAIRS

CEMA-USSR COOPERATION IN GAS PROJECT CONSTRUCTION

Moscow FOREIGN TRADE in English No 1, 1987 pp 14-15

[Article by Georgi Arakelyan]

[Text]

The share of natural gas in Soviet exports is growing steadily. This suggests sustained efforts on the part of numerous work collectives, including those from foreign organizations. The joint construction of the gas industry's projects in the USSR by contractors from other CMEA member-countries is one of the vivid examples of the consistent development and consolidation of the Soviet Union's cooperation with the European socialist countries.

This cooperation is mutually beneficial in all respects. It is known that the European CMEA member-countries satisfy the greater part of their requirements by the import of energy-carriers from the USSR. To deliver them, the Druzhba oil pipeline, the Mir power grid and some other electric power lines were built. During the past ten to fifteen years, natural gas has increasingly become one of the largest items in the socialist countries' international trade. From 1960 to 1984 the volume of gas imports rose: in Hungary from 186 million cu.m to 3,899 million cu.m, in the GDR from 123 million cu.m to 6,170 million cu.m and in Czechoslovakia from 4.2 million cu.m to 10,516 million cu.m. Gas deliveries are mostly from the Soviet Union.

The Soviet gas industry is a comparatively young sector which is fastly developing. During the past 20 years, gas output rose nearly 3.5-fold and, in 1985, amounted to 643,000 million cu.m. Such great volumes and growth rates bring their own problems.

There are about 600 sources of natural gas in the Soviet Union, but their territorial distribution is far from even and not always in the best position for the

national economy. A considerable number of the deposits is in West Siberia, whereas the consumers are mostly in the European part of the country. Foreign consumers are even farther away from these sources. Because of this, the construction of gas pipelines is important both for increasing the country's export potential and for meeting the needs of the fraternal socialist countries. Participation in building gas pipelines through contracts with organizations in other CMEA countries was initially envisaged in the Comprehensive Programme for socialist economic integration which was later confirmed in the decisions adopted by the CMEA Summit Economic Conference of 1984.

One can now discern three stages in the development of this cooperation, two of these have created landmarks in the shape of major engineering structures. A start was made in the cooperation with the development of the Orenburg gas-condensate field and the construction of the gas pipeline from Orenburg to the USSR western border under the name Soyuz. As stipulated in the General Agreement signed in 1974, Bulgaria, Hungary, the GDR, Poland, Romania, the USSR and Czechoslovakia by their joint efforts and means were to create a complex unique in its technological parameters and design with an output capacity of 28,000 million cu.m of gas a year complete with a 2,677-km-long pipeline system made from 1,420-mm tubes and comprising 22 compressor stations with an overall power rating of 1.6 million kW, control, telematic and communication systems, repair centres, housing and social facilities.

This pipeline, whose construction was started in 1975, crosses more than a thousand natural and man-made barriers, which included 168 rivers and water reservoirs, some 40 kilometres of swamps and 120 kilometres of mountainous terrain in the Carpathians. In its construction some 1.7 million tons of pipes were used, 79 million cu.m of earth were excavated and 2,178 million rubles allocated for the work were spent. In November 1978, the gas pipeline was put into operation all the way from Orenburg to the USSR western border and at the end of 1979 it started working at the designed throughput making it possible continuously to supply natural gas to the European CMEA member-countries. Since 1980, some 15,500 million cu.m of gas have been annually delivered via this pipeline.

A new stage in the socialist countries' cooperation began with the construction of facilities for the Urengoi-Pomary-Uzhgorod, Urengoi-Centre (first and second lines) and Yelets-Serpukhov pipelines and the construction of surface field facilities by contractors from the GDR, Czechoslovakia, Poland, Bulgaria, Romania and Yugoslavia. Over 15,000 foreign workers and specialists took part in building the integrated installations. Between 1982 and 1985, they helped build 738 kilometres of pipelines, 22 compressor stations, underground gas stores, 140,000 sq.m of housing for the builders and operating personnel, schools for 2,758 pupils, and kindergartens for 1,468 children. In the town of Uzhgorod, the first phase of the central repair base was commissioned. In some regions this construction is still outstanding. The total value of construction and assembling operations to be realized in 1982-1987 amounts to about 1,160 million rubles. The amount of capital investment for future use is 1,800 million rubles. The cost of the work being completed by contractors from other CMEA member-countries is included in the cost volume of goods and services supplied to the USSR from the CMEA countries within the goods turnover framework during this period. Fulfilment of their financial commitments gives the CMEA member-countries the right to receive from the USSR 9,100 million cu.m of natural gas.

The experience of carrying out large-scale projects has also been used in the USSR Gas Industry Ministry's cooperation with organizations in the CMEA member-countries in the current five-year period. These organizations will take part in developing the Yamburg gas field, in building structures along the Yamburg-USSR western border gas pipeline and other gas industry projects. Agreements have already been signed with Bulgaria, Hungary, the GDR and Czechoslovakia. Preliminary talks have been held with Poland and Romania on the conditions of their participation in this project named Progress. The overall cost of the project is estimated at about 10,000 million transferable rubles. The length of the Progress pipeline from Yamburg to the USSR western border is 4,605 kilometres, 150 kilometres longer than that of the Urengoi-Pomary-Uzhgorod gas pipeline. Erected along the route will be 40 compressor stations, settlements for workers, roads, auxiliary installations, greenhouse complexes and many other facilities.

The Soviet Union will itself build the installations of the Yamburg gas-field complete with its external transport communications and electricity supply. The other CMEA countries have limited themselves to the central and western parts of the gas pipeline. Since the proposed volume of their participation will not cover their share of expenditures calculated according to the negotiated volume of gas deliveries from the USSR, it was suggested that these countries participate in the construction of the Urals gas complex and the Tengiz oil-gas field, in building underground gas storages and other gas facilities in the Ukraine, the Stavropol territory and the Kalinin, Tambov, Perm and Volgograd regions.

The Soviet side, after the Yamburg-USSR western border gas pipeline is put into operation in 1988, will, in 1989, begin delivering gas to the countries which participated in the project.

With the view of realizing the planned cooperation, the organizations from the GDR, Czechoslovakia, Bulgaria and Hungary will independently and comprehensively carry out construction and assembling operations to the value of 2,610 million transferable rubles, will deliver to the USSR 1,594,000 tons of large-diameter pipes, allocate to the Soviet side convertible currency equivalent to 340 million transferable rubles for the purchase of machines, equipment and materials not available in the CMEA member-countries and needed for the construction of the Yamburg gas-field and the Yamburg-USSR western border gas pipelines and deliver machines, equipment and materials and other goods worth about 1,765 million transferable rubles. Czechoslovakia will design, deliver and install the 25-MW electrically-driven gas compressor units including other technological equipment for eight compressor stations.

Construction of the facilities will be to Soviet standards and regulations, and payment for services rendered at Soviet rates in transferable rubles as recommended by the CMEA Executive Committee.

The terms of the agreements on cooperation in developing the Yamburg gas-field and in constructing the Yamburg-USSR western border gas pipeline differ from those for the construction of the Soyuz gas pipeline. This is due to the fact that agreements have been concluded bilaterally; contracts signed at inter-governmental level fix the functions of the participating countries' organizations making them subcon-

tractors of the main contractor (Minneftegazstroj); the Soviet side will supply most of the equipment and required materials; organizations in the participating countries will elaborate design documents and specifications, mainly for housing projects and partly industrial construction.

At present, construction organizations from the fraternal countries, the Gasanlagen complex (GDR), Glavbolgarstroy (Bulgaria), Vegyepszer (Hungary), Transitni plinovod and the Industrial Construction Management (Czechoslovakia), are constructing temporary settlements and production bases. The GDR contractor has started welding and assembly operations along the route of the Yamburg-USSR western border gas pipeline. This project, now under way, even in comparison with the former large-scale cooperation of the fraternal countries is much more impressive.

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GENERAL ECONOMIC AFFAIRS

ADVANTAGES OF USSR'S NEW FOREIGN TRADE REGULATIONS OUTLINED

Moscow MOSCOW NEWS in English No 4, 1987 p 7

[Article by Vladlen Krivosheyev, Natalya Izyumova and Maxim Chikin]

[Text]

The restructuring of control over the USSR's foreign economic activities has entered the phase of practical action. As of January 1, this year, 21 sectoral ministries and departments, as well as over 70 enterprises and organizations – which has already been reported in **MN** – have been granted the right to have direct outlet to foreign markets. They will carry out their activities through their own foreign trade associations and firms run on a paying basis. The sectoral ministries and enterprises have taken over control of a number of foreign trade associations or their branches which previously belonged to the USSR Ministry of Foreign Trade. Industry has taken over about 26 per cent of the country's imports and 14 per cent of its exports, including upwards of 50 per cent of the export of plant and equipment.

The associations of the Ministry of Foreign Trade are still responsible for fuel, raw materials, foodstuffs and other commodities of nationwide importance. This is how goods have been "divided", but how have the managerial functions been distributed?

Recently a new Statute on the USSR Ministry of Foreign Trade was endorsed, simultaneously with defining the rights and functions of sectoral foreign trade associations and firms run on a profit-and-loss basis. In keeping with these documents, the Ministry of Foreign Trade will exercise control over the observance of state interests on foreign markets, i.e., see to it that the actions of sectoral ministries should not be of narrow departmental kind. The USSR MFT has retained its position as the main headquarters taking part in laying down the strategy for the development of the Soviet Union's external relations and trade policy, and regulating the country's exports and imports. It compiles summary export-import plans, takes part in concluding and implementing international contracts, and controls and quality of export goods.

The commercial-information services of the Ministry should considerably step up their activities. It retains jurisdiction over the network of the USSR's trade missions abroad and representatives in the particular regions of the country.

All foreign trade associations will function on the basis of economic agreements with their customers. They are to go over to an autonomous mode of operations – complete cost accounting, self-repayment and self-financing – which, it is hoped, should rid these organizations of bureaucratic ailments which have affected them until recently.

Our Partners' Hopes--Western Business People on Positive Changes in Soviet Foreign Trade

"What features of the reconstruction are the most attractive to our foreign partners? What has hitherto hampered their successful work and what, in their opinion, will change in the first place?" We put these questions to some business people who have been working in our country for more than one year.

Renzo BENZONI,
Chief Representative,
Coe and Clerici (Italy):

What we need in particular is higher efficiency. Sluggishness ruins business. It is impossible to tolerate such facts, for instance, that as early as 1985 we received a request and made a technical proposal on the organization of production in the USSR of special cylinders for use on motor vehicles based on compressed gas. It took several months to negotiate the deal. Both sides were ready to sign the technical terms. What remained was merely to resolve commercial questions. But time passed and the project remained a project. How much time, effort and money have been wasted! And the contract was to be quite formidable -- to the tune of some 100 million dollars.

Here is an example from our day-to-day life. A proposal was received. There was a need to urgently talk it over with some Soviet specialists at the Ministry of Foreign Trade. It would seem that nothing could be simpler -- you pick up the phone and arrange a meeting. But no: it is necessary to write an official letter, give a telephonogram and wait for the answer. This took days.

The reform, I hope, is aimed at removing all these barriers and at enhancing responsibility and efficiency -- in short, to modify Soviet business people's mentality. I think that this will be furthered by involving in foreign economic activities the immediate partner -- the industrial enterprise. We hope that we shall soon see for ourselves: the American firm Garret Corporation, which we represent in the USSR, has prepared a project for the transfer of its technology for the manufacture

of heat regenerators for gas turbines to the Nevsky Zavod production association -- an enterprise which has received the right to have direct outlet into the external market.

Gerard COURTOIS,
Director of the Soric
representative office
(France):

Previously we had quite a few difficulties to contend with in our work on the Soviet market. We wanted to buy wooden kitchen utensils in the USSR. This did not seem too difficult -- small, ready-made articles. But for several months we could not get all the samples in the necessary quantity. And these occurrences jeopardized the deal because the customer cannot wait so long -- it is simpler for him to turn to a different supplier, outside the USSR.

There have been cases in our practice when the necessary information became simply useless because it arrived half a year or even a year later. We hope that the reform will eliminate this multistage and tangled system. We have already had time to satisfy ourselves that direct contact with the producer, bypassing brokers, is very effective. For several years the Cameca firm, which we represent in the USSR, was looking for a partner in your country, with whom it could organize joint production of a new electronic microscope. Whilst we conducted talks via the MFT, there was practically no movement. The question was solved fairly quickly when French specialists began to work directly with the Elektron production association. And in September 1986, we signed an agreement which enters into force de jure this year.

Hans SALZWEDEL,
Director of the Klöckner-
Humboldt-Deutz
AG representative
office (FRG):

The question: what is more profitable -- to buy cheaper in greater quantity or at a higher price but of better quality -- has been a source of debate for as long as international trade has existed. It would seem that the question has long been decided in favour of quality. In our work, however, we have often come across the opposite.

The Ministry of Foreign Trade refused to buy spares from us. We found out what the problem was. It turned out that the injectors for our diesel engines had been bought somewhere else via brokers at a lower price. Naturally, their service life is also shorter. Is this profitable? Nobody bothers to calculate the economic effect by the end result.

A large plant of diesel engines is about to be put into operation on a KHD licence in Kustanai. We have also built a similar enterprise in the FRG. We have suggested the same suppliers, who already proved their worth, to provide equipment for the Kustanai production lines. However, the specialists of the USSR MFT bought the equipment from other firms. As a result, the commissioning of the plant has been delayed. Now just think what is more profitable -- to buy at a higher price, with a guarantee of faultless performance, or at a cheaper price, but endlessly to fit the equipment, adjust and mend it, in short, waste both time and money.

That is the reason why we are pinning great hopes on the reform.

You ask? We answer...

The Soviet Side's Arguments and Explanations

Having caught in the talks with representatives of Western business circles critical notes in relation to a number of specific operations carried out before the reconstruction, we continued the conversation by phone with staff members of Soviet foreign trade organizations and ministries. Here are their replies:

V/O AVTOPROMIMPORT:

Indeed, in 1985, we held talks with Coe and Clerici, and the technical draft of the contract was preliminarily approved. However, in 1986, we had to suspend further talks – our customer, the USSR Ministry of Ferrous Metallurgy, had arrived at the conclusion that so far there was no need for this contract.

V/O NOVOEXPORT:

We showed the Sorice firm the entire catalogue of our goods, giving it prospectuses and samples. Having studied them, the firm requested that the shape of some articles should be changed. We asked the enterprises whether they would be able to manufacture non-standard items specially for the customers of the firm.

Regrettably, we are not yet in a position to solve all the questions efficiently – the chain along which

our inquiry to enterprises passes is too long.

USSR MINISTRY OF THE AUTO-MOBILE INDUSTRY:

The issue of orders to foreign firms for the supply of some commodities cannot be examined without appraising their competitive value. Therefore sometimes it becomes necessary to buy products elsewhere, as was the case with the spare parts of the KHD firm, the prices of which were too high.

In realizing the licence project for diesel engines, we were from the very beginning placed in a very difficult position by the firm since it refused to assume commitments to transfer to us the complete sets of specifications for the diesel and stocking parts for it. As a result, we had to work ourselves with individual subcontractors of the firm and order additionally from them both technical specifications and the necessary technological equipment.

In comparing the views of both sides taking part in foreign economic operations, it is not difficult to notice that both of them are setting great hopes on the effectiveness of the reconstruction. It is not up to journalists to become arbiters wherever the positions of partners – it also happens – do not coincide: business is business and it develops in accordance with its own laws. These laws have been taken into account in the broad set of measures with which the way is paved towards higher efficiency of the USSR's business relations with the outside world.

Another thing is equally clear – the operation of these laws has in many respects depended and will depend on the extent to which people are able to master them. Those very people who will have to give effect to foreign economic contacts.

It is for this reason therefore that it is wrong, we believe, to bypass situations in which the reconstruction of foreign economic relations is not visible so far – at any rate for sideline observers.

We were particularly amazed by the stand taken by the workers of Licensintorg whom we contacted in order to tell business people about the technology of buying and selling licences in the Soviet Union.

"I do not give interviews to journalists without permission from the Deputy Minister of Foreign Trade," we were told by Valery IGNATOV, General-Director of V/O Licensintorg. "The editorial office should send an official request to the Ministry."

A letter was sent on the same day. A week and a half later it turned out that the deputy we were recommended to address did not deal with that organization. The letter was readdressed to another deputy. The second week was spent entirely on searches for the document which was forwarded from one room to another. Those who picked up the receiver at the other end were interested (asking us, of course) in the correspondence data of the letter or simply dropped the receiver. By the end of the third week, at last, we received a call from Licensintorg and were told that permission for the interview had been granted. But the General Director would not give an interview all the same: "At the advertising department of the association there are documents on any question, so please use them." Such is their working regime.

Well, a regime is a regime. We did find documents on the question we were interested in. The article was written and left in the same advertising department to be endorsed by the General Director. However, we did not see his signature. The workers of the department "affixed" their own resolution: "Our association does not deal with what you wrote about."

If this standing of Licensintorg's expresses merely its attitude to the press, this is only half the trouble, but if this is a demonstration of the desire to stick to old positions, this is a real bother.

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GENERAL ECONOMIC AFFAIRS

USSR EXHIBITS FOOD PRODUCTION EQUIPMENT AT INTERNATIONAL FAIR

Moscow FOREIGN TRADE in English No 1, 1987 pp 52-54

[Article by Nina Matveyeva]

[Text]

Successful accomplishment of the USSR's Food Programme calls for a faster supply of agricultural enterprises with comprehensive automated lines for the production and packing of foodstuffs, as well as for the introduction of new effective technologies in the food-processing industries.

What can Soviet machine-builders offer the food industries today? One could get an idea about their performance in that field at the international exhibition Inprodtorgmash-86 held in Moscow in 1986 and where the USSR was represented by 17 specialized sections.

The principal distinction about the Soviet exposition was the presentation of full technological cycles in the displays of each particular section. They included equipment and technologies for processing milk and dairy products, for the baking, sugar and fat-and-oil industries, for meat and poultry processing and for the canning and confectionery industries. Due to that structure of the exposition, specialists could clearly see the state of and promising directions in the development of the specific industries.

The efforts of Soviet machine-builders are concentrated on the development and production of integrated

sets of machines, subassemblies and flow lines for assuring the rational use of agricultural raw materials and for reducing their losses when processing and storing.

The main task of the industry turning out equipment for dairy production is to secure the fullest possible use of milk and its secondary products. Research conducted in this field involving the use of membrane technologies in the production of various filters and separators is helping upgrade the processing technology not only in milk production but also in the confectionery industry, in the production of clarified fruit juice and so on.

Apart from the great labour and materials savings, the new equipment designed for the grain processing and baking industries substantially reduces energy consumption. Integrated milling systems for the production of top-grade flour double labour efficiency and have a 70 per cent flour yield. Engineers have resolved problems of mechanizing the production of mass varieties of loaves and designed integrated systems of equipment for mechanizing grain storage depots and packing machines.

Soviet industry turns out all the equipment needed for sugar produc-

tion, which shortens beet processing times during the harvesting season.

The equipment for meat production is comprehensively tackling the problems of processing raw meat into semi-finished and finished products through introducing low-waste and waste-free technologies. For the first time Soviet exhibitors displayed a unit working on the principle of super-high-frequency vibrational energy which can thaw a ton of frozen meat in an hour. Besides ensuring high industrial hygiene, this unit reduces product losses and preserves the meat's valuable qualities. There are also new equipment systems for the production of fast-frozen convenience foods: meat stuffed dumplings, pelmeni, quenelles, etc.

To qualify in general all these technical and technological innovations which the machine-builders are offering to the processing industries of the agro-industrial complex, one should probably say that all of them go in the same direction and have the aim set in the Food Programme which is to provide the Soviet people with all kinds of quality foodstuffs in sufficient quantities.

The way these foodstuffs are delivered to consumers is the business of the public catering service and food trade.

One of the busiest sections of the Soviet exposition featured equipment for public catering enterprises and establishments. This is a field where Soviet industry is starting the production of high-capacity mechanized cooking and packing factories. Public catering services extensively use Potok and Effekt mechanized-flow food dispersers which can serve up to a thousand customers in one hour.

Equally promising samples of technology were exhibited in the section of trade equipment. Research in this field is aimed at

developing and manufacturing machine sets and systems for accomplishing a transition to full mechanization and automation of all operations between industry and the shop counter, at increasing about six times the output of automated lines for packing loose foodstuffs over the 12th five-year plan period and at raising labour productivity in the home trade by 50 per cent.

Soviet machine-builders turn out about 40 types of automated lines and machine systems for milk, fermented-milk products and soft-drink bottling. They have also started the production of several types of automated lines and machines for packing loose, solid, fast-frozen and paste-like foodstuffs as well as fruits and vegetables.

The exhibition also featured a wide range of refrigerating equipment as well as various vending machines and warehouse equipment.

In other words, visitors to the Soviet sectors of the exhibition with their more than 450 exhibits could see everything produced today by the enterprises of ten ministries and departments for food sectors and trade. It should be noted here that over the past five-year plan period alone they produced more than 500 types of new equipment. However, for many types of the equipment featured at the Intorgprodmas-86 exhibition the adjective "new" did not always mean the most modern, incorporating the latest achievements in the respective field.

The exhibition in general has again demonstrated the advantages of the international division of labour, of the unification of scientific and technical potentials and benefits ensuing from the shared production know-how of various countries in tackling the diverse problems facing mankind today. The great organizational efforts undertaken by the USSR Chamber of Commerce and Industry and the

Association Expocentr jointly with the Ministry of Machine-Building for the Light and Food Industry and Domestic Appliances as well as other ministries and departments have produced good results. The exhibition Inprodtorgmash-86 played the useful role of a source of information about the progressive technical and engineering ideas built into the exhibits which more than 500 firms, organizations and enterprises from 27 countries brought to Moscow.

The machine-building industries for food production, trade and public catering services are listed among the key sectors of the socialist countries' national economies. During the preparation for the exhibition a joint conference of its organizers with representatives of the trade representations and foreign trade enterprises of various socialist countries was held. That conference coordinated measures on the arrangement of the participating countries' expositions so that they would reflect all the latest achievements in the industries thematically related to the exhibition, complement each other and highlight the general directions of the agreed scientific and technological policy of the CMEA states in the implementation of their national food programmes. The informative and technically rich expositions of the seven socialist countries which took part in Inprodtorgmash-86 (Bulgaria, Hungary, the GDR, Poland, Romania, Yugoslavia and Czechoslovakia) witness the effectiveness of their efforts.

The Soviet Union receives from other socialist countries 90 types of equipment for the different food sectors and about 60 for public catering services and trade. For its own part, it exports to these countries more than 60 types of such equipment.

The CMEA states are engaged in bilateral and multilateral scientific

and technical cooperation for developing energy and material-saving equipment, low-waste and waste-free technologies, as well as production mechanization and automation with the use of advanced computer systems and micro-processors. Their experts are also designing comprehensive equipment for aseptic canning and storage of puree-like half-finished products in field conditions.

In cooperation with Czechoslovak organizations Soviet experts are working on the design of a low-capacity automated plant for the comprehensive processing of milk on the basis of a waste-free technology, which can be installed directly in the zones of dairy production. Our specialists are also working with GDR machine-builders on designing a line for the aseptic packing of sterilized milk in paper packs whose use will dramatically lengthen its quality keeping property.

Within the framework of the CMEA countries' international specialization Hungarian experts have achieved major break-throughs on improving poultry processing lines, Bulgarian engineers in fruit and vegetable canning, Polish specialists on mechanizing supermarkets and Yugoslav experts in developing and fitting out "home" bakeries.

One of the principal directions of cooperation with companies and organizations in the capitalist countries is the development on integrated equipment for aseptic canning and for ultra- and hyper-filtration of food liquids such as cheese whey. Three types of ultra-filtration machines have been designed and introduced on the basis of these progressive technologies, which have boosted the production of quality milk products due to the use of highly valuable milk protein recovered from production wastes.

Firms and organizations in Austria, Belgium, Great Britain, Denmark, Canada, Spain, Italy, Holland, Norway, Finland, France, the FRG, Switzerland, Sweden and Japan brought to the exhibition samples of their latest machines and technological equipment for processing farm produce, treating semi-finished products and packing various foodstuffs, vending machines, refrigerators, product quality controllers and so on. After a fairly long interval more than 40 US companies showed interest once again in exhibitions staged in the USSR. For the first time, trade and industrial organizations from Venezuela took part in

this exhibition and put on show specimens of their traditional exports.

About 80 reports were read during the exhibition's scientific and technical symposium.

The many commercial transactions, the keen interest of exports in the display and broad exchanges of production experience and know-how between participants in the exhibition allow one to assume that the third international exhibition of equipment for the food industries, trade and public catering has made an important contribution to the development of the machine-building sectors whose products serve this industry which caters for millions of people.

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GENERAL ECONOMIC AFFAIRS

BIOGRAPHICAL DATA ON USSR TRADE REPRESENTATIVES ABROAD

Moscow FOREIGN TRADE in English No 1, 1987 pp 55-56

[Text]

USSR Trade Representatives

**USSR Trade Representative
in the People's Republic of China
GUROV, Pyotr Konstantinovich**

Born 1927.
Graduated from the Moscow State Institute of International Relations in 1959.

Previous appointments: an officer at V/O Raznoexport, at the Oriental Department of the Foreign Trade Ministry; an officer at the USSR Trade Representation in the People's Republic of China (1962-1967); Deputy Office Director, Office Director at V/O Raznoimport; Commercial Counsellor of the USSR Embassy in Kuwait (1973-1978); Deputy Department Chief for Trade with Countries of Asia, Foreign Trade Ministry.

Appointed USSR Trade Representative in the People's Republic of China in April 1986.

Speaks Chinese and English.

**USSR Trade Representative
in the Kingdom of Norway
KALININ, Igor Vladimirovich**

Born 1924.
Graduated from the Moscow Mining Institute in 1950 and the All Union Academy of Foreign Trade in 1954.

Previous appointments: an officer at the USSR Trade Representation in Sweden (1955-1959); Office Director at V/O Techmashimport; an officer at the Amtorg Trading Company in the USA (1962-1965); Vice-President, President, General Director of V/O Techmashexport.

Appointed USSR Trade Representative in the Kingdom of Norway in April 1986.

Speaks English and Swedish.

**USSR Trade Representative
in the Hungarian People's Republic
KOZIN, Mikhail Sergeyevich**

Born 1923.

Graduated from the Moscow Machine-Tool and Instrument-Making Institute in 1948, the All-Union Academy of Foreign Trade in 1958, and the Economic Management Institute of the USSR National Economy Academy in 1984.

Previous appointments: an officer on the staff of the Commercial Counsellor of the USSR Embassy in Syria (1958-1962); Office Director at V/O Mashpriborintorg; Deputy USSR Trade Representative in Algeria (1964-1968); Office Director, Vice-President of V/O Mashpriborintorg; Deputy Chief of a Main Department, Foreign Trade Ministry; General Director of the Slava joint-stock company in France (1975-1979); General Director of V/O Technointorg.

Appointed USSR Trade Representative in the Hungarian People's Republic in September 1986.

Speaks French.

**USSR Trade Representative
in the Socialist Federal Republic of Yugoslavia
NIKIFOROV, Lev Aleksandrovich**

Born 1930.

Graduated from the Institute of Foreign Trade in 1953.

Previous appointments: a member of the Main Customs Department of the Foreign Trade Ministry; an officer of the USSR Trade Representation in the Socialist Republic of Vietnam (1955-1957); a staff member of the All-Union Market Research Institute, Foreign Trade Ministry; an officer at the USSR Trade Representation in Yugoslavia (1960-1963); Section Head of a Department, Foreign Trade Ministry.

Appointed USSR Trade Representative in the Socialist Federal Republic of Yugoslavia in September 1986.

Speaks Serbo-Croatian and French.

**USSR Trade Representative
in the United Republic of Tanzania
PETROV, Vladimir Ivanovich**

Born 1936.
Graduated from the Kuibyshev Aviation Institute in 1961 and the All-Union Academy of Foreign Trade in 1971.

Previous appointments: Deputy Director and Director of an office at V/O Aviaexport; an officer at the USSR Trade Representation in India (1974-1978); Director of a firm at V/O Aviaexport; Deputy USSR Trade Representative in Angola (1984-1986).

Appointed USSR Trade Representative in the United Republic of Tanzania in June 1986.

Speaks English.

**USSR Trade Representative
in the Republic of Finland
PUGIN, Vladimir Dmitriyevich**

Born 1924.
Graduated from the Leningrad Shipbuilding Institute in 1950 and the All-Union Academy of Foreign Trade in 1955.

Previous appointments: an officer at V/O Sudolimport; Deputy USSR Trade Representative in Italy (1963-1968); Vice-President of V/O Sudolimport; Deputy USSR Trade Representative in Finland (1972-1977); Vice-President, Deputy General Director of V/O Sudolimport; Deputy USSR Trade Representative in Finland (1982-1986).

Appointed USSR Trade Representative in the Republic of Finland in June 1986.

Speaks Finnish, English and Italian.

**USSR Trade Representative
in New Zealand
TYUNIS, Albert Yuryevich**

Born 1927.
Graduated from the Institute of Foreign Trade in 1955.

Previous appointments: an officer at a Foreign Trade Ministry Department; a member of the USSR Trade Representation in Sweden (1962-1965); Office Director at V/O Sojuznefteexport; General Director of the Nafta joint-stock company in Great Britain (1968-1973); Vice-President, Deputy General Director of V/O Sojuzgazexport; Commercial Counsellor of the USSR Embassy in New Zealand (1981-1986).

Appointed USSR Trade Representative in New Zealand in May 1986.

Speaks English.

**USSR Trade Representative
in the Togolese Republic
SHCHERBAKOV, Dmitri Fyodorovich**

Born 1931.
Graduated from the Moscow First Medical Institute in 1961 and the All-Union Academy of Foreign Trade in 1971.

Previous appointments: an officer at V/O Medexport; a member of the USSR Trade Representation in Algeria (1971-1974); an officer at the Sogo joint-stock company in France (1974-1976); Office Director, Director of a firm at V/O Medexport.

Appointed USSR Trade Representative in the Togolese Republic in April 1986.

Speaks French.

V/O VNESHTORGIZDAT

**Director of the Firm Polygraphizdatimport
SIROTKIN, Valentin Anatolyevich**

Born 1932.
Graduated from the Moscow Polygraphic Institute in 1965 and the Moscow Party Higher School in 1979.
Previous appointments: an engineer at V/O Vneshtorgizdat; an officer at the USSR Trade Representation in the GDR (1972-1975); Deputy Director and Director of an office at V/O Vneshtorgizdat.
Appointed Director of the firm Polygraphizdatimport in November 1985.
Speaks German.

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English translation "Foreign Trade", 1987**

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CSO: 1812/105

GENERAL ECONOMIC AFFAIRS

ESTONIA'S ROLE IN USSR FOREIGN TRADE

Moscow FOREIGN TRADE in English No 1, 1987 pp 10-13

[Article by Kalev Kukk and Jaan-Heikki Sandrak]

[Text]

In respect of population Estonia is the smallest of the 15 Soviet Union's republics. Against this background its economic potential is rather modest—0.7-0.8 per cent and 0.9 per cent of the USSR's total industrial and agricultural production respectively. However, in many indicators (labour productivity, output cost, quality) the Estonian Republic holds, as a rule, advanced positions.

Today's Estonia has a highly developed industry and agriculture. As the result of the inter-republican division of labour its place among other Soviet republics in the manufacture of a number of products is outstanding, which concerns, in the first place, the engineering industry. Estonian enterprises are amongst a few, if not the sole producers in the Soviet Union of some types of instruments and electrical goods, multi-bucket excavators

and air cooling systems. Well-known outside the Republic's boundaries are also the products of its chemical, woodworking, light, fishing, meat and dairy industries. Suffice it to say that almost 40 per cent of Estonian-made industrial commodities are marketed and sold in other Union republics or abroad.

Estonia's industrial and agrarian achievements and its rising scientific and technological potential form the material prerequisites for its active involvement in the Soviet Union's foreign economic activity. Roughly a hundred of the Republic's enterprises work for external markets. Estonia also exports some types of farm produce.

Quantity as well as Quality

Most of Estonia's exporting enterprises became involved in export activities in the late 1950s or the early 1960s. Since then the

Republic's demand for imports has substantially increased.

During this period important quantitative and qualitative changes have taken place in the Republic's exports and imports both in respect of their volume (now much higher) and their sectoral pattern. These changes are particularly striking in the sphere of exports which grew more than fourfold in the 1960s (the highest growth rate in that period as compared with other Union republics). The boom resulted from larger exports of meat and dairy products and unbleached cottons whose share in total Estonian exports at that time reached 70-80 per cent.

The 1970s and the 1980s witnessed important qualitative changes in exports, specifically, a basic restructure in the pattern of export deliveries and a larger share of finer processed products; more enterprises began to concentrate on export, many new articles were added to the export list, and a number of enterprises formed specific, purely export-oriented production.

The food industry has traditionally been foremost in the structure of Estonia's exports. Though its share has decreased with the passage of time it accounts today for almost a third of the Republic's exports. At present the major export articles include canned and fresh-frozen fish, cheese, edible fats and confectioneries. In 1984, for example, 11.5 per cent of total USSR exports of canned fish fell to the share of Estonian enter-

prises, whereas the famous Kalev factory accounted for 21.2 per cent of all Soviet confectionery exports. Besides, Estonia exports animal fat, meat products (including game), liqueurs and spirits, etc.

The Tallinn Production Association, Talleks enjoys the greatest international reputation among the 25 export-oriented engineering and metal-working enterprises in Estonia. It makes multibucket excavators for land reclamation (land dredgers) and ladder-type trenching machines which go to more than 40 countries, primarily, the CMEA European countries (Talleks is the CMEA countries' head land-reclaiming equipment enterprise). The plant has exported more than 6,000 machines, i.e. some 15 per cent of its total production. In 1980 Talleks was awarded the Gold Mercury international prize for its contribution to production and international cooperation.

In high demand abroad is the electrical equipment (transformers, converters, etc.) made by the M.I. Kalinin electrical engineering works in Tallinn. Its products are used in the metallurgical and chemical industries, atomic power stations and railway transport.

Over 70 countries buy electric motors made by the Volta factory. Besides the socialist countries France, Italy, the FRG and Finland are among the largest importers of its products.

Motor cars exported from the Soviet Union are, as a rule, equip-

ped with safety belts produced by the Norma factory in Tallinn (trade mark Norma). These belts are also fitted to cars produced in Poland. Estonia also exports many different kinds of instruments and devices to control and regulate technological processes, electrical and radio-measuring apparatus, gas analysers, air cooling systems, boilers for thermal power stations, photoimpact lamps, gardener's tools and implements, and centreboarders.

Further progress in engineering products exports depends on the introduction of up-to-date equipment and advanced production processes which presupposes both improved management and closer links between industry and science, specifically, the setting-up of special research divisions at enterprises and production associations and inten-

sified inventive, patent and licensing activities. For example, a research institute is part and parcel of the M.I. Kalinin electrical plant in Tallinn. A special division for the accelerated development and introduction of patented inventions (the first in the Soviet Union) has been set up at the RET, radio-electronic equipment production association in Tallinn, which makes radio-measuring instruments and stereo-musical centres (also for export), to stimulate R&D on new, more competitive products. As the result, the cycle "from design to production" has been shortened to one year.

The past decade has witnessed a significant increase in the exports of the forest, woodworking and pulp-and-paper industry products as well as important inter-branch changes. Prior to the 1970s Estonian SSR exported from this sector mostly

Sectoral pattern of Estonia's exports (per cent)

	1961— 1970	1971— 1975	1976— 1980	1981— 1985
Total,	100	100	100	100
including:				
Engineering and metal working	4—13	15—18	18—22	18—21
Fuel industry	0	0—2	3—5	6—8
Chemical industry	0—2	1	1	1—2
Forest, woodworking and pulp-and-paper industries	4—7	7—8	9—12	12—17
Construction materials industry	0—3	3—4	2—4	1—3
Light industry	12—28	5—19	4—7	7—15
Food industry	54—71	47—59	40—52	31—36
Other industries	0—1	1—4	3—5	4—6
Agriculture	1—8	3—4	4—5	4—6

pulp and paper, today it includes excellent furniture. Among the most famous exporters are: the Standard scientific-production furniture association in Tallinn, the furniture factory in Vyru and the Viisnurk woodworking complex in Pyarnu which regularly export one-sixth to one-fifth of their products. Mention should also be made of the plywood and furniture complex in Tallinn, and the furniture factories in Tartu and Narva. Viisnurk is the country's leading exporter of racing skis. Estonia also exports chip board, matches and hardwood pulpwood.

In recent years there has been a gradual increase in the light industry's exports, specifically, cotton textiles, garments, knitted goods, furs and leather haberdashery.

The fuel industry exports such unique products of shale processing as resinous coke, a land-improving preparation Nerozin, absorbents, etc. Fertilizer peats are a regular export item to many West European countries.

Estonian toys are in high demand in many a country, particularly those of foam rubber and napped ones from the Polümeer plant in Tallinn, electro-mechanical from the Norma factory in Tallinn, as well as plastic and wooden toys.

Other export goods include various construction materials (cement, roofing, mineral wool, ceramics), glassware, formalin, plastic products, medicines, baby grand and grand pianos, jewelry, souvenirs, and Estonian

handicraft. Pelts are well-known items on the list of agricultural exports.

Every year Estonia's exports go to more than 90 countries. The distribution of exports between socialist, Western and developing nations conforms to the USSR average indicator, but there is a basic difference in geography. Neighbouring Finland is the leading importer of Estonian products. The lively border trade is handled by the All-Union Association Lenfintorg.

Other Western buyers of Estonian products include Sweden, the FRG, France, Denmark, Great Britain and Norway. Among the developing nations are Afghanistan, Nicaragua, Syria, Angola, Nigeria, Guinea and the Congo.

The CMEA member-countries, however, are Estonia's closest trade partners both as regards exports and imports. The scope and stability of deliveries to the socialist community countries predetermine Estonia's basic export production. In many years, above all in engineering and metal-working, the mutual ties are in fact cooperative which vividly reflect the socialist nations' deepening economic integration.

The consumption of imported goods in Estonia grows with the years. A third of these imports consists of the light industry's products (raw materials, fabrics, knitted goods and garments, and footwear).

Imports of public transportation facilities are of special importance for Estonia. Hun-

garian Ikarus buses constitute their bulk. Very popular are also small-tonnage trucks from Czechoslovakia and the GDR. All trolley-buses and tram-cars are of Czechoslovak make. Imported machinery is widely used in agriculture.

However, it is the engineering, food, woodworking and light industries that mostly absorb imported equipment. In the past two years imported complete equipment has been installed at two chip board-making factories, the main production section of the Kommunaar leather footwear complex in Tallinn, the wallpaper shop of the Polümeer production association, the Pepsi-Cola section of the soft drinks plant in Tallinn.

A Variety of Forms

Apart from the traditional export-import relations Estonian SSR of late has been developing other forms of international economic cooperation. Through the good offices of Lentsintorg dozens of compensation-based transactions (though not very large) have been concluded with Finnish firms. For instance, on this basis Makron Oy helped the Viisnurk woodworking complex in Pyärnä to reconstruct its ski manufacturing lines, Finlayson Oy assisted the Linda leather haberdashery factory in Tallinn to set up the mass production of sports bags using a "sportnylon" type of fabrics, whereas Thomesto Oy cooperated with the Sangar garment factory in Tartu

in making jeans. More examples could be cited.

The prime aim of such transactions concerning machinery and equipment imports is, of course, to satisfy our own needs as much as possible but they are also important for raising the export potential. Compensation-based transactions have helped increase our exports of skis, many kinds of garments, sports bags and footwear.

For almost a decade the Estonian Ministry of the Forest, Pulp-and-Paper and Woodworking Industry has been conducting extensive business with the Swedish firm IKEA which cooperated in the reconstruction of furniture-making facilities in the Republic in exchange for stable exports of furniture to Sweden. Under an agreement on cooperated production with the Swedish firm Auto-Liv (stemming from the 1981 licensing contract between Lentsintorg and the Stil firm) the Norma production association makes "E" quality (by UN ECE's standards) car safety belts. An agreement on joint cooperated manufacture of lawn mowers signed by the Vasar production association in Tallinn and the West German firm Reda stipulates the following labour division: Vasar provides lawn mower frames (5,000 and 3,200 in 1984 and 1985 respectively) in exchange for the Reda power packs.

The construction of the Novotallinnski sea port (to be the country's third largest port in cargo turnover) has been assis-

ted by West German construction-engineering companies. The new footwear factory of the Kommunaar production association in Tallinn, producing 2.5 million pairs of shoes per annum, is a "turn-key" project constructed by the Finnish firm Perusyhtymä. Finnish firms also assisted in building the Olympic yachting centre in Tallinn, the Viru and Olümpia hotels and a number of other social premises. Polish firms have been cooperating in the restoration work conducted in old Tallinn and Tartu. At the same time Estonian engineers, geologists, medical personnel, university professors and school teachers are giving assistance to many socialist and developing nations.

Estonian research institutes, universities and enterprises maintain scientific and technological ties with respective organizations in other countries. Licence exchanges are developing. In addition to safety belts licences have been purchased to make Pinoteks (a wood protective and finishing agent), Windglider surfboards, Pepsi-Cola, Fanta and Fiesta soft drinks, and other products. 20 licences for the use of technological know-how developed by Estonian research institutions and enterprises have been sold to many socialist countries.

Further progress in the border trade has been achieved in goods exchange through Lenfintorg. Its "boundaries" are now larger.

Under a coastal trade agreement between the USSR and Sweden signed in February 1985 Sweden has also become a party to the "small trade" in addition to Finland and Norway. Estonian SSR assesses this form of foreign trade as promising and energetically seeks to extend it. In the Republic's total exports, in recent years, the share of the border trade has risen to one sixth-one seventh.

Estonia's active participation in Soviet foreign trade and international scientific and technical cooperation would be impossible if its achievements in economics, science and culture were unknown to foreign partners. To keep them adequately informed the Republic regularly participates in international fairs and exhibitions in the USSR and abroad. Since 1966, Estonia has had a special independent section in the USSR's exhibitions abroad once or twice every year. The number of capital cities where Estonia had independent sections exceeds 20, their geography extends from Paris to Tokyo, from Helsinki to Algiers.

* * *

Estonian SSR's participation in the USSR's foreign economic ties is essential for the Republic's national economic development. Its imports have helped solve a number of production problems and extend the assortment of consumer goods.

The quantitative and qualitative changes in its exports have stimulated the growth of many manufacturing activities in the Republic. At the same time the continuing expansion of Estonia's export potential is enabling it to make a greater contribution to the foreign economic potential of the USSR, especially to improving the pattern of export deliveries by adding finer processed products to it as demanded in the targets the country has set today.

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GENERAL ECONOMIC AFFAIRS

BRIEFS

V/O TECHNOINTORG 1987 CONTRACTS--V/O Technointorg has signed contracts for 1987 with: the foreign trade organization Cubaelectronica for the shipment to Cuba of a large consignment of Krym 218AV TV sets; the foreign trade enterprise Interimpex Promet for the delivery to Yugoslavia of about 30,000 61LK3B and 31LK3B kinescopes and portable Yunost 402BE TV sets; the foreign trade enterprise Electronum for delivery to Romania of 50,000 Foton 225 TV sets; the Unita foreign trade organization for shipment to Poland of a consignment of 61LK4Ts kinescopes; the foreign trade organization Raznoiznos in Bulgaria for delivery to that country of about 500,000 different clocks and watches: pocket, wrist, wall and alarm-clocks of various designs; the foreign trade enterprise Elektronik Export-Import for the delivery to the German Democratic Republic of 21,000 clocks and watches for blind people and also stop-watches; the Czechoslovak foreign trade association Merkuria for supply of a large consignment of motorcar clocks; the foreign trade organization Consumimport for shipment to Cuba of men's Vostok wrist watches. [Text] [Moscow FOREIGN TRADE in English No 1, 1987 p 32] [COPYRIGHT: "Vneshnyaya trgovlya" 1987, English Translation "Foreign Trade", 1987] /9317

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UNITED STATES AND CANADA

U.S. SENATOR URGES MORE CONTACTS WITH USSR

PM111219 Moscow IZVESTIYA in Russian 11 Mar 87 Morning Edition p 5

[Interview with Senator David Pryor by correspondent B. Ivanov: "To Meet, Talk, Debate..."; first paragraph is editorial introduction]

[Text] A group of representatives of American business circles has visited the Soviet Union. They had a number of meetings with leaders of Soviet establishments and departments. On the eve of the American guests' flight from Moscow an IZVESTIYA correspondent met with the delegation head--Senator David Pryor from Arkansas, a prominent figure in the U.S. Democratic Party.

[Ivanov] Senator, it so happened that your stay in Moscow coincided with the Soviet Union's new initiative in the arms limitation sphere, whose essence was set forth in M.S. Gorbachev's 28 February statement. Hence my first question: How do you rate this step by the Soviet Government?

[Pryor] I believe that this is a very wise stance, and our representatives at the talks ought to take advantage of it.

[Ivanov] Taking this proposal into account, is the conclusion of a corresponding agreement between the USSR and the United States possible in the very near future?

[Pryor] I think it is possible. But you must bear in mind that it is by no means a simple matter to reach an agreement of such scale and importance. In any case, however, this proposal can be an effective and important starting point in further talks.

[Ivanov] Many politicians in Washington believe that as long as the Reagan administration is in power, it is hardly possible to count on reaching any serious agreement between our countries in the arms limitation sphere.

[Pryor] Yes, such an opinion really does exist... A whole number of advisers close to the President are extremely suspicious of the Soviet Union and your country's intentions and actions.

I personally believe that the conclusion of a Soviet-American agreement in the arms limitation sphere would undoubtedly be the best legacy that Reagan could leave both to our country and to the planet as a whole. However, I do not know whether or not he wants this. Therefore I only hope that the President and his advisers will, at last, take an unbiased view of questions such as, for example, M.S. Gorbachev's recent proposal.

[Ivanov] But is it possible to hope, if the United States continues the former policy of creating [sozdaniye] new kinds of arms?

[Pryor] I really do not know what to say about this... Broad debates on the question of whether the administration was right to continue the program of nuclear explosions in response to your nuclear moratorium are gathering momentum in our country. These debates are assuming a nationwide character. Discussions on the question of SDI, particularly from the viewpoint of the relationship between SDI and the ABM Treaty, will also continue. In the coming weeks and months fierce debates on this will certainly take place in the Senate. It is hard to predict at present what this could lead to. But I want to emphasize that a whole number of legislators--Democrats and Republicans--are convinced that the deployment of space arms under the "star wars" program will indeed be a violation of the ABM Treaty.

[Ivanov] What is your position in this regard?

[Pryor] I too believe that in such a case the treaty would be violated. Naturally, such a viewpoint might not be shared by the majority, but, I repeat, my personal opinion is that the "star wars" program is a violation of the ABM Treaty.

[Ivanov] U.S. public opinion polls show that approximately 80 to 90 percent of Americans want to live in peace with our country and want arms control accords to be reached, but, at the same time, according to the same polls, roughly the same number of U.S. inhabitants have feelings of mistrust and suspicion toward the Soviet Union. A very paradoxical situation, you will agree, is taking shape...

[Pryor] Let me say the following. I am now 52. Not only school but also the radio, movies, and television made me and my coevals believe practically from the age of 10 or 12 that the Soviet Union seeks to dominate the whole world. This is our stereotyped view of you. On the other hand, I do not think you will deny that Soviet people also certainly regard us Americans in a quite definite way, taking our country's policy into account.

In such a situation it is not at all easy to conduct a normal dialogue with one another. This applies also to our countries' leaders. I remember how several years ago President Reagan invited me to the White House. He tried to persuade me to support the administration's proposed deal to sell AWAC's aircraft to Saudi Arabia. Having heard the President out and thanked him for the audience, I said I could not support him. Then I looked round and noticed some kind of strange telephone on a table in the corner.

"Mr President, is that not the very telephone you can use to be connected instantly with Moscow?" I asked.

"Yes, it is," the answer came.

"Do you use it often?"

"No."

"Why don't you lift the receiver right now, say, and call Moscow? Just like that. Talk about the weather, health... In short, just talk?"

He looked at me in amazement: "We do not talk with them in that way."

No, we do not talk with each other. And if we do talk, it is too seldom. Unfortunately, we only arm ourselves.

We fought together against a common enemy in World War II. Today too there is a common enemy against which we can fight side by side. We must pool our efforts to conquer cancerous diseases, extend human life, wipe hunger and poverty from the face of the earth forever, and create a favorable economic climate for the development of states in peace.

Our interests coincide in many other spheres too. But in practice everything proves not so simple. It is difficult, for example to do anything when our President calls your country the "empire of evil."

[Ivanov] Such statements, as well as the movie "Amerika," shown recently by the ABC-TV Company, have been occasioned by stereotypes created over decades in relations between our countries. But today, if we want mutual understanding, we simply must not live in the old way. It is necessary to break with inertia and eliminate "images of enemies" from the sphere of international politics. That is why political will and new political thinking are very necessary now.

[Pryor] It is difficult to reach people to think in a new way. It cannot be done in a day. The stereotypes of which you speak have penetrated deep into our and your consciousness. But their eradication must be tackled. Exchanges, contacts, and trips like ours can be of great help in changing ossified ideas about each other. I would like my son--a student and future lawyer--to come to the Soviet Union and be able to see life in your country with his own eyes. It is necessary to travel more to each other and meet, talk, and debate more. That is the right road to mutual understanding. It is never easy to break the old and being something new. But I believe that we will be able to find the road so that our countries' peoples can live in harmony with each other.

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WESTERN EUROPE

TURKISH TRADE UNION ANNIVERSARY NOTED, ANTI-UNION ACTIVITY HIT

PM061647 Moscow TRUD in Russian 13 Feb 87 p 3

[A. Krymov article under the "International Trade Union Movement" rubric:
"DISK: 20 Years of Struggle"]

[Excerpts] Twenty years ago, on 12 February 1967, Turkey's new trade union center, which has made a vivid contribution to the history of the development of that country's workers and trade union movement, held its constituent congress in Istanbul. The congress delegates unanimously approved the creation of the trade union center, which has been called on to defend Turkish working people's fundamental interests. The Confederation of Revolutionary Workers Trade Union (DISK) was the name the trade union was given. And the next day the texts of the trade union center's documents were presented to the official authorities. That day is regarded as the official date of DISK's creation.

The trade union center's manifesto and charter defined the goals and tasks of the new workers' professional organization. It was pointed out that the problems facing the Turkish working class can be resolved under a just social system with the active participation of working people in the management of the economy and the sociopolitical life of the country. Emphasis was placed on the need for the just distribution of national income, the implementation of agrarian reform, the transfer of the main sectors of the economy to state control, the elimination of unemployment, the reduction of the length of the working day, and the improvement of working people's working and living conditions. DISK did not limit itself to social and economic demands but firmly chose the path of struggle to safeguard the working people's general democratic rights and freedoms and ensure social progress and to oppose imperialism, reaction, and the threat of fascism in the country within the framework of the Turkish constitution and the existing state system.

In the past 20 years DISK has traveled a difficult and heroic path and won deserved trust and prestige among the working people. This is demonstrated by the steady growth in the trade union center's membership, which has risen almost 1,900 percent from the time of its formation to the military coup of 12 September 1980.

The manifesto on DISK's creation stressed that the organization will act within the framework of the existing constitution. And the trade union center has adhered unswervingly to that provision.

One accusation leveled at DISK was that of establishing and developing ties with trade unions in the USSR and other socialist countries. Furthermore, those ties were characterized as a "threat to the existing state system." This accusation can cause nothing but bewilderment and indignation because at that time the relevant Turkish state organs did not oppose the establishment of those ties. And DISK has actually maintained broad bilateral ties with trade unions in various countries of the world without belonging as a trade union to a single international trade union association.

The trial of DISK and its leaders and activists took 5 years and aroused a wave of protests within the country and abroad. The WFTU was the first international trade union center to speak out in DISK's defense. The anti-trade union repression and legal farce against DISK were soon condemned by the ICFTU, the World Confederation of Labor, and the European Confederation of Trade Unions. The wave of protests included virtually the whole world trade union movement.

The 10th and 11th World Trade Union Congresses, held in Havana and Berlin respectively, resolutely condemned the repression and persecution of Turkey's trade unions.

The ILO, which links over 150 states, also expressed its concern at the violation of trade union rights and freedoms in Turkey. In January 1982 the European parliament condemned the repression in the country and the trial of DISK. The European Council also condemned the Turkish authorities' actions.

Kemal Daysal, member of the DISK executive committee, speaking from the platform of the 11th world congress of trade unions, described the continuous antitrade union repressions in the country and stated that Turkey's trade unions will firmly and consistently defend working people's interests.

Despite the just protests of trade unions and the world public, on 23 December 1986 a military tribunal in Istanbul took the decision to disband DISK and the 28 sectoral trade unions belonging to it and sentenced 264 of the trade union center's leaders and activists to various terms of imprisonment ranging from 1 year to 15 years. A Basturk, general chairman of DISK, F. Isyklar, its general secretary, and the accused members of the DISK executive committee were sentenced to 10 years' imprisonment.

In an interview in the TURKISH DAILY NEWS, Fehim (Isyklar) gave the following assessment of events: The military tribunal's decision and verdicts represent a violation by the authorities of the basic principles of bourgeois democracy and are not judicial but political in character.

The unjust sentences caused more protests within the world trade union movement. The WFTU urged trade unions and all democratic forces to launch a broad campaign of solidarity with Turkish working people striving for the acquittal of those who have been imprisoned and for the rehabilitation of DISK.

The international trade union movement's history convincingly shows that repression against progressive trade unions cannot halt the development of the workers' movement or the working people's struggle for their vital rights and interests.

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EASTERN EUROPE

REAGAN LIFTS ECONOMIC SANCTIONS AGAINST POLAND

Moscow NEW TIMES in English No 9, 9 Mar 87 p 11

[Article by Wlodzimierz Lozinski]

[Text]

U.S. President Reagan has announced the repeal of the two most recent, five-year-old economic sanctions, which had been a grave impediment to the bilateral relationship. The discriminatory customs tariffs that blocked Polish exports to the U.S. are no longer in force and the ban on granting credits to Poland has likewise been lifted.

In effect, the U.S. administration's ruling has revealed the bankruptcy of the protracted policy of sanctions, intimidation, and interference in Poland's internal affairs. By means of a dozen or so embargoes in various areas of bilateral cooperation, the U.S. tried to impede the development of the Polish People's Republic. The U.S. government appeal to its European allies to end their dialogue with Poland, and Washington's wholehearted sup-

port for anti-socialist elements had a similar aim.

The Reagan administration's embargoes did considerable economic damage to Poland. However, the U.S. failed to isolate it from the world community. In the dark hours of crisis we were given financial and material assistance by the Soviet Union and other socialist countries. The help of our friends was an important factor in Poland's subsequent socio-economic development. Moreover, the U.S. allies chose to look to their own political and economic interests rather than succumb to pressure from Washington. This is illustrated by our uninterrupted cooperation with Scandinavia and Belgium, Britain, France and Japan, as well as by the results of Jaruzelski's recent visit to Italy.

Washington's policy of intervention in Poland's internal affairs has also been a failure. There will be no return to the situation that obtained prior to August 1980, or to that which had emerged by December 1981. The outcome of events has been national accord on the basis of the principles of socialist democracy.

The Polish government has expressed pleasure that the illegal sanctions have been repealed. We see this as a point of departure for furthering our bilateral relationship. The lifting of the discriminatory embargoes should likewise eliminate one factor detrimental to the East-West relationship overall. Like all socialist states People's Poland has a stake in détente and a return to mutually advantageous economic partnership.

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EASTERN EUROPE

YUGOSLAVIA SHOWS PHARMACEUTICALS AT MOSCOW EXHIBIT

Moscow FOREIGN TRADE in English No 1, 1987 p 54

[Article by Natalia Gordeyeva]

[Text]

The products of 12 Yugoslav enterprises of the chemical-pharmaceutical industry were presented at the exhibition, Yugoslavia's Pharmaceuticals, held in Moscow for the 10th time, organized with the assistance of Expocentr under the USSR Chamber of Commerce and Industry.

The main purpose of the exposition was to inform Soviet specialists about the latest advancements reached in Yugoslavia's pharmaceuticals and Yugoslav scientists new original developments as well as the two countries' expanded cooperation in this sphere.

At the exhibition various medical, veterinary and vitamin-mineral preparations, stomatological materials, medical adhesives, powders for preparing beverages and baby food were displayed.

Yugoslavia has been supplying the Soviet Union with its pharmaceutical products already for more than 25 years. They include a wide range of preparations for all types of prophylactic and therapeutic medicine. The products of enterprises such as Galenika, Pliva, Alkaloid, Bosnaliek, KRKA, etc. are well known in the USSR. Yugoslavia

purchases certain ready-to-use medicines and chemical-pharmaceutical raw materials for manufacturing many types of medicines from our country.

Soviet-Yugoslav cooperation in the pharmaceutical sphere is expanding year by year. Specialists of the Moscow All-Union Antibiotics Research Institute and Galenika, one of the leading factories in Yugoslavia's pharmaceutical industry, are maintaining contacts in creating new types of penicillin-based antibiotics.

In 1986 the USSR Ministry of the Medical and Microbiological Industry and the Galenika enterprise signed an agreement on cooperation in manufacturing in the Soviet Union certain medicines using Galenika's technology and raw materials. This ministry and the enterprise Lek signed an agreement on transferring the technology of manufacturing pharmaceutical preparations based on ergot hydrogenated alkaloids to its Soviet partners. A "turn-key" construction of a chemical-pharmaceutical factory designed by the Lek enterprise's specialists is planned for Tashkent. Yugoslavia will supply a complete set of equip-

ment and the manufacturing technology for this factory.

The All-Union Medicinal Herb Research Institute and the Yugoslav Zdravlje enterprise have for several years been jointly researching and developing new pharmaceuticals. They were the creators of children's Hyndarin and Glaucin anticough preparations.

During the exhibition negotiations with representatives from USSR State Planning Committee (Gosplan), the Ministry of the Medical and Microbiological Industry, other ministries and departments, foreign trade organizations and also with Soviet prominent scientists and practising doctors took place. The possibilities of expanding the range

of mutually supplied products, joint R&D and production cooperation, in particular, with the Bosnaliek enterprise in manufacturing vitamin B-1, stomatological preparations and substances for local anaesthesia were discussed. Talks on transferring the Pliva technology for increasing the capacities of enterprises manufacturing vitamin B-6 were conducted.

During the exhibition a meeting of the working group on pharmaceuticals of the Intergovernmental Soviet-Yugoslav Commission for Economic, Scientific and Technical Cooperation was held which considered further expansion of ties, development of new technologies and production cooperation in creating new pharmaceuticals.

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English translation, "Foreign Trade", 1987

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EASTERN EUROPE

CZECH PUBLICIST LOOKS BACK TO FEBRUARY 1948 EVENTS

PM111515 Moscow PRAVDA in Russian 24 Feb 87 First Edition p 4

[Article by Czechoslovak publicist Jaroslav Kojzar: "Creating Their Own Destiny. The 39th Anniversary of Victorious February"]

[Excerpts] Prague--I suppose there are events in everyone's life that are unforgettable. And no matter how many years pass, you keep going back to them, comparing your thoughts, feelings, and actions today with what you once experienced.

This observation is particularly true when one is talking about phenomena which represent turning points, moments which clearly determined not only the destiny of your people and the life of the country, but your own destiny as well.

For me and for millions of my fellow citizens February 1948--now distant, but, with each passing year, close in a new way--was just such a milestone and turning point. Victorious February, which wrote in the annals of Czechoslovakia's recent history words which have become a catchphrase in my homeland: "Honor to labor!"

Today, 39 years on, we are again, and it is no accident, asking the question: What lessons must be drawn from the February events of 1948 in Czechoslovakia, what can we tell the working class in other countries and all fighters for social liberation about them? And our answer is: These events were evidence of our party's Leninist maturity and its strategic expertise. By conducting a principled, creative policy the CPCZ managed to apply in special conditions Lenin's idea of the link between the struggle for democracy and the struggle for socialism and was able to develop the masses' revolutionary initiative and teach working people, on the basis of their own revolutionary experience, how to win.

I am talking in such detail about historical facts only because I want to share with readers my view that the link between one time and another should not be broken, because the revolution is continuing. It is being carried out in concrete actions to reorganize society so that socialism demonstrates its

advantages even more powerfully, people's creative activity is developed, and the foundations laid during the building of a new society in the CSSR are strengthened.

In historical terms our republic's social system is still relatively young. It has not achieved its final form and we will have to strive hard for the peak of perfection. But life itself shows that in February 1948 we created a state in which the people became true masters of their destiny.

The CPCZ is the guarantor of society's harmonious development. While creating conditions for the active development of labor initiative by individuals and entire collectives, the party of Czechoslovak Communists does not intend to conceal the class nature of the political system in the CSSR which, if necessary, is used to protect revolutionary gains. This is the inalienable right and duty of all true revolutionaries--creators of the new society.

The consistent concern of the CPCZ, the National Front, and all honest CSSR working people for improving our political system is the guarantee of the successful development of a genuine people's state, the extensive involvement of working people in running public affairs, and the deepening of socialist democracy.

The people of Czechoslovakia, now making their own destiny, remain, as before, true to the behests of Victorious February and to the established workers' motto "Honor to labor!"

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CSO: 1807/210

REVIEW OF CHINA-USSR BORDER TRADE SINCE 1983

Moscow FOREIGN TRADE in English No. 1, 1987 pp 16-18

[Article by Anatoli Kiryanov and Margarita Kiryanova]

[Text]

In his speech at the ceremony of awarding the Order of Lenin to the city of Vladivostok M.S. Gorbachev, CC CPSU General Secretary, pointed to a positive trend in Soviet-Chinese economic relations. "We are convinced—he said—that the historically established complementarity between the Soviet and Chinese economies gives great opportunities for expanding these ties, including in the border regions."¹

The expansion of trade between Soviet and Chinese border regions is mutually beneficial, it adds to the variety of goods in both countries' retail trade, improved relations between them, creates good-neighbourly relations and better understanding between our peoples. This trade started almost 30 years ago. In the 1960s it was suspended, but toward the second half of the 1970s as the general Soviet-Chinese trade had stabilized at the level of 200-300 million rubles, the question of restoring the border trade seemed appropriate and expedient.

In the course of negotiations on trade turnover and payments in 1982 the sides reached agreement on the resumption of border trade between the Far-Eastern areas of the Soviet Union and the North-Eastern districts of China and legalized it through an exchange of letters dated April 16, 1982.

The said letters stipulate that border trade in consumer goods between the Soviet Union and China shall be conducted by the All-Union Foreign Trade Association Dalintorg on the Soviet side, and by the Trade Company of the Inner Mongolia Autonomous Region on the Chinese side.

Dalintorg offers for exchange goods made nationally and locally in the Khabarovsk, Prymorye, Amur and Chita regions, including those produced by consumer cooperatives.

The letters provide that after agreement has been reached between relevant trading organizations on the variety and amount of products for mutual exchange they shall sign sales contracts

based on the balanced cost of sold and purchased goods for the respective year. Prices shall be regulated under the terms of the existing Soviet-Chinese trade agreement.

Shipments of goods shall be made through the following terminals: Grodekovo and Zabaikalsk in the Soviet Union, and Suifenhe and Manchuria in China.

Talks on the nomenclature and volumes of goods for mutual deliveries within the framework of border trade for 1983 were held in November 1982 in Khabarovsk and in April-May 1983 in Harbin and Hailar (China) resulting in the signing of relevant contracts. Later, negotiations and the signing of contracts were carried out alternately in the Soviet Union and China.

At first, in 1983, the border trade, resumed by our two countries in a small way, came up to a little over six million rubles.

Through mutual efforts based on common interests both sides reached agreement on the further expansion of Soviet-Chinese trade which, in recent years, resulted in a very high growth rate of their mutual trade's turnover. In 1983 this trade was worth some 500 million rubles; in 1984 it totalled almost 1,000 million rubles, while in 1985 it exceeded 1,600 million rubles. From 1981 to 1985 the Soviet-Chinese trade increased more than nine times.

Against this background important progress was also made in the border trade.

Dynamics of Soviet-Chinese Border Trade
(mln. rubles)

	1983	1984	1985
Trade turnover	6.3	15.6	24.2
Exports	3.2	7.8	12.2
Imports	3.1	7.8	12.0

In 1984 the Soviet-Chinese border trade rose 2.5-fold as against the 1983 level while in 1985 it exceeded the 1984 level over 1.5 times.

The sides plan their border trade to grow in the future at the same rate as their general trade turnover. Its share comprises now approximately 1.5 per cent of the total Soviet-Chinese trade.

Under the contracts signed within the framework of border trade the Soviet Union exports to China the following products: fertilizers, soda ash, cement, window glass, sawn timber, firewood, motor cars, motor cycles, motor scooters and mopeds, washing machines, vacuum cleaners, frozen fish, agricultural implements and other consumer goods. It imports from China frozen pork and beef, canned meat and vegetables, sausages, soya beans, ground nuts, fruits, knitted goods, garments and fur articles, textiles, footwear, crockery, etc.

Widening the Soviet-Chinese border trade can well help accelerate the economic growth of both the Soviet Far East and the Chinese North-East. The proximity

of these two areas and the availability of many resources and manufactured products create objective possibilities for their larger contribution to improve trade and economic relations between the Soviet Union and People's Republic of China as a whole.

Both countries' border trade imports enable them to solve a number of important regional problems. The Soviet Far East can reduce its transportation expenses on bringing similar products from the far distant Western areas of the Soviet Union, and enable its population to enjoy a better supply of products which are not produced or are in short supply in this part of the country.

More and more Chinese goods are on sale in the Soviet cities of Khabarovsk, Vladivostok, Nakhodka, Blagoveshchensk, Chita, as well as in other towns and villages, and goods from the Soviet Far East and the Baikal region keep on flowing to the Chinese cities and villages in the Heilungkiang Province and the Inner Mongolia Autonomous Region.

In 1986 the Soviet-Chinese border trade in the Far East was given another boost. Its geography extended to the Buryat Autonomous Republic and the Irkutsk and Sakhalin regions.

In April 1986 an exhibition of Soviet goods was organized in the city of Khabarovsk and relevant contracts signed with trade companies in the Heilungkiang Province and the Inner Mongolia Autonomous Region. The exhibits included goods made by a number

of enterprises in East Siberia and the Soviet Far East, as well as a wide range of nationally-manufactured products (from "general market stocks"). The exhibition was sponsored by trading organizations and 37 industrial enterprises in the Khabarovsk and Primorye territories and the Amur and Irkutsk regions. It was highly evaluated by the Chinese partners who stressed the need for regular familiarization of Soviet and Chinese-made samples of goods to both countries' consumers.

The second phase of the talks was held in Manchuria and Hailar in June-July 1986. Samples of Chinese-made goods were selected for subsequent display at an exhibition in Irkutsk (July 28-August 5, 1986). Simultaneously, export-oriented goods made by enterprises in the Irkutsk region were put on show. As the result, 19 samples of new Soviet products and 300 samples of Chinese-made goods were chosen for exchange and very large relevant sales contracts signed.

Considering these contracts the border trade turnover between the Soviet Far Eastern areas and China's North East in 1986 reached approximately 30 million rubles. The Naushki (USSR) and Erlian (China) railway stations have been opened to help handle the increasing traffic of goods in addition to the already designated border-crossing points.

In 1985 a delegation of the USSR Ministry of Foreign Trade and the Russian Federation Ministry of River Transport and a delegation of the People's Government in Heilungkiang Province met in

Blagoveshchensk to discuss problems concerning the use of the river Amur and the ports of Blagoveshchensk (USSR) and Heihe (China) for transporting cargoes involved in the border trade. They agreed on the nomenclature and volumes of such cargoes and discussed a draft agreement between the Amur river steamship company of the Russian Federation Ministry of River Transport and the Heilungkiang Province river steamship company of China's Ministry of Communications on the technical, commercial and general conditions of cargo transportation within the framework of border trade by river boats to and from the above-mentioned ports.

The Chinese press gives a positive appraisal of the progress made and the prospects of the Soviet-Chinese border trade. For example, a general review of the border trade in 1983-1984 between the Heilungkiang Province and the Inner Mongolia Autonomous Region, on the one hand, and the Soviet Far Eastern areas on the other, in an article entitled *The Progress and Prospects of China - USSR Trade* published in the *Liaowan* magazine says: "China's foreign trade quarters think that the sides are fulfilling their contracts well. To cope with border trade's expansion maximum use is being made of the handling capacities at border-crossing points contributing to the goods exchanges between China and the Soviet Union. It is promoting better neighbourly relations and satisfying the material and living require-

ments of people living in the border regions.... Both sides are to continue stepping up their mutual deliveries and increase their variety. The prospects of Chinese-Soviet border trade seem very promising."²

The geographical areas involved in the two countries border trade keep expanding. In the course of negotiations in 1984 on the trade turnover and payments between the Soviet Union and China for 1985 agreement was reached on starting border trade between the Kazakh, Kirghiz, Tajik, Turkmen and Uzbek Soviet Socialist Republics, the Altai and Krasnoyarsk territories and the Kemerovo region, on the one hand, and the Sinkiang-Uighur Autonomous Region of China, on the other. It was legalized in January 1986 through an exchange of letters between the USSR Ministry of Foreign Trade and China's Ministry of Economic Relations with Foreign Countries.

The letters stipulate that border trade in these areas shall be handled by V/O Vostokintorg for the Soviet Union and by the local Export-Import Company of the Sinkiang-Uighur Autonomous Region for China. Horgos and Torugart are named as the border-crossing points.

Just as in the Far East, border trade between the Soviet Union and China in this geographical area will be based on a balanced footing and conducted under the terms of the USSR-China Agreement on Trade Turnover and Payment for the stated period. The USSR Ministry of Foreign Trade

and the Ministry of Economic Relations with Foreign Countries of China will be monitoring the progress in fulfilling the achieved accords.

The first stage of negotiations between the delegations of V/O Vostokintorg and the local Export-Import Company was held in March 1986 in Peking. The sides exchanged proposed lists of mutual deliveries in the border trade. The second phase of the talks and the signing of contracts took place in August 1986 in the city of Alma-Ata where an exposition was organized in the largest pavilion of the Kazakh Republic's Exhibition of National Economic Achievements. The China section displayed almost 2,000 samples of goods; the respective figure in the USSR section exceeded 3,000. The exhibits aroused considerable interest on the part of both sides. Samples were chosen and the first contracts signed. Subsequent talks on signing other contracts with respect to the selected goods were held in October 1986 in Urumchi, the capital city of Sinkiang. Taking into consideration the contracts already signed in Alma-Ata, the total value of the Sinkiang-oriented border trade amounted in 1986, to 5-6 million rubles.

The railroad from Urumchi to the Soviet-Chinese border (according to the Chinese press, to be completed before 1990) and its juncture to the Soviet line at the Druzhba station will give a strong impetus to the expansion of USSR-China trade. It will give a boost not only to border, but also to the two countries' overall trade as well as to West-East transit shipments.

The opening of a special pavilion for goods intended for the border trade sponsored by V/O Dalintorg and Vostokintorg at the USSR Trade and Industry Exhibition in Peking in December 1986 was an important contribution to the developing Soviet-Chinese border trade. It helped Chinese consumers and our trading partners in China to know more about what the Soviet side has to offer and extend the list of imports from the areas of the Soviet Union adjoining China.

At the pavilion's opening ceremony V.S. Byleyev, V/O Vostokintorg's Deputy General Director, pointed out that the border trade between the Soviet Union and China was mutually profitable, that it "adds to the variety of goods in the partner countries' retail trade network and creates conditions for the maintenance of good-neighbourly relations and mutual understanding between our peoples."

At the first meeting of the USSR-China Commission on Economic, Trade, Scientific and Technical Cooperation in March 1986 the sides expressed satisfaction with the headway made in trade and were unanimous about their successful development and extension in the future.

That this is so is, specifically, manifest from the results of the visit to China in September 1986, on the invitation of its government, of N.V. Talysin, alternate member of the CPSU CC Politburo and First Deputy Chairman of the USSR Council of Ministers, who signed a series of documents, including commitment on mutual deliveries of Soviet industrial products and

Chinese farm produce over and above the volumes envisaged in the Intergovernmental Agreement on Trade Turnover and Payments for 1986-1990 to the tune of an extra 500 million rubles (an increase equal to the entire trade turnover between our countries in 1983).

In the course of the visit both sides reaffirmed their interest in continuing the expansion of their trade and economic relations through time-tested and new, more promising forms of cooperation such as co-production, the pro-

cessing of customer's raw materials, compensation based transactions, the setting up of joint enterprises, etc.

These agreements will strengthen the ties between our two countries, create conditions for the maintenance of good-neighbourly relations and mutual understanding of our peoples and widen Soviet-Chinese border trade.

¹ *Pravda*, July 29, 1986.

² *Liaowan*, December 17, 1984, No. 51, p. 5.

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English translation "Foreign Trade", 1987

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CSO: 1812/104

USSR FOREIGN TRADE OFFICIAL DISCUSSES CHINA-USSR TRADE

Moscow FOREIGN TRADE in English No 1, 1987 pp 25-26

[Text]

VICTOR SENIN, assistant head of the Department for Trade and Economic Relations with Asian Countries at the U.S.S.R. Ministry of Foreign Trade, discusses trade and economic links between the Soviet Union and the People's Republic of China with journalist Leonid Pleshakov.

The 27th Congress of the CPSU noted with satisfaction an improvement in the Soviet Union's relations with its great neighbour, socialist China. Although differences in approach remain, particularly on some international issues, the congress pointed out that in many cases the two countries can work jointly, cooperate on an equal and principled basis without detriment to third nations. The potentialities for cooperation between the U.S.S.R. and China are vast, indeed.

What is the state of foreign trade exchanges between the two countries now, almost a year after the 27th Party Congress?

In order better to assess the state of these relations and their prospects it would be useful to make a brief excursion into the past.

Trade and economic relations between the U.S.S.R. and the P.R.C. have had their ups and downs. In the 1950s, after the formation of the P.R.C. our relations developed rapidly in various areas, peaking in 1959, when trade amounted to almost two billion rubles. Those

years saw the growth of economic and technical cooperation along with large-scale trade. The result of this cooperation was the appearance of more than two hundred enterprises in China.

The Soviet Union supplied a large amount of plant and machinery, over 75 per cent of which went to fit out the above-mentioned enterprises. These included ferrous metallurgy, automobile and tractor industries, power stations, coal mines and factories manufacturing mining, hoisting, transportation, metallurgical and oil-refining equipment.

In addition to plant and machinery, the Soviet Union supplied China with considerable quantities of raw and other materials, including oil and petroleum products, rolled stock, piping, and various chemicals.

China, for its part, exported nonferrous metals, cotton, wool, soya beans, tea and other items.

In the latter half of the 1960s relations between the two countries in trade, economy, science and technology fell off dramatically. In 1970 mutual trade had dropped to 42 million rubles. Sub-

sequently it registered a slight increase, hovering at around 200-300 million rubles by 1983. This, of course, was well below the economic potentialities of the two countries.

How has Soviet-Chinese trade developed in recent years?

Trade and economic relations between the U.S.S.R. and China picked up in 1983-84. The signing of a series of agreements in 1984-85 was an important factor. On July 10, 1985, the first ever long-term Sino-Soviet agreement on trade and payments was signed. Under this agreement the volume of trade is expected to amount to 12 billion rubles over the period 1986-90. In 1990 it is to top three billion rubles. Trade has grown from roughly 490 million rubles in 1983 to just under a billion in 1984 and 1.6 billion in 1985, with a 13.5 per cent increase over the 1985 level in 1986.

Will trade between our countries proceed on the basis of long-term agreements only or will it take other forms as well?

Border trade between the U.S.S.R. and China, resumed in 1983, offers further possibilities for increasing mutual trade. At first, border trade was conducted between the Khabarovsk and Maritime territories and the Amur and Chita regions on the Soviet side, and Heilongjiang Province and Inner Mongolia on the Chinese side. This trade reached 30 million rubles in 1986. From 1986 border trade has also been conducted between the Soviet Central Asian republics, Kazakhstan and some regions of the Russian Federation and the Xinjiang-Uygur Autonomous Region on the Chinese side.

Thirty million rubles a year is not an enormous sum.

Certainly. But this is only the beginning of a new stage. It's the trend that matters.

There is a very potent argument in favour of promoting trade between the U.S.S.R. and the P.R.C.: the natural resources of the two countries are complementary. We have a lot of what China needs and China has what we need. There is indeed tremendous untapped potential for the development of mutually beneficial trade.

The Soviet Union supplies China with machines, equipment for its industry, and vehicles. Between 1981 and 1986 the P.R.C. imported from the U.S.S.R. 56 civilian aircraft, about 80,000 cars and trucks, and various mining, textile and power generating equipment. We also exported to China ferrous and nonferrous metals, timber, chemicals and other goods.

China's exports to the U.S.S.R. included tungsten concentrate, feldspar, meat and meat products, soya beans, cotton fabrics, garments and knitwear, fruit, and other manufactured and agricultural products. At present both countries are exploring new avenues of trade and economic cooperation. Recently Soviet and Chinese foreign trade organizations signed a major contract for Soviet supplies of 7,500 railway cars to China in 1987-90 in return for standard parts for them.

Under an agreement for economic and technical cooperation signed in Moscow in 1985, seven new projects will be built in China and seventeen others, built with Soviet assistance in the 1950s, will be reconstructed. They include enterprises in ferrous and nonferrous metallurgy, coal, chemical, and other industries.

During the visit to China in September 1986 of a Soviet delegation led by first deputy Premier Nikolai Talyzin, industrial cooperation, compensation (buy back) deals and joint ventures were named as expedient forms of cooperation for the future. The manufacture of goods for the Soviet Union from its raw materials will become a qualitatively new form of our relations with China.

For instance, the Soviet Union will send wool to China from which felt boots for the cold climate of Siberia and the Soviet Far East will be manufactured. China will also make fur coats for the eastern areas of the U.S.S.R. from Soviet-supplied raw materials. In yet another instance, we shall send silkworm cocoons for processing into silk (China has a long-standing tradition of silk manufacturing).

From January 1 of this year, 22 ministries and 70 industrial associations in

the Soviet Union will be allowed direct access to foreign markets. How will this affect our trade relations with China?

I think it will result in more thorough drafting of the contracts signed and make suppliers more responsible for the quality of goods and meeting delivery deadlines. Now the manufacturer-cum-supplier and not the Foreign Trade Ministry will be responsible for many products. This is likely to be an incentive

to our enterprises to react more promptly to fluctuations in the world market and to explore ways of increasing the exports of Soviet goods to various countries, including China.

In conclusion I should like to stress that the development of mutually beneficial cooperation between the Soviet Union and China in the trade and economic fields is an important contribution by both countries to the cause of peace and socialism.

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CHINA/FAR EAST/PACIFIC

RENMIN RIBAO CRITICISM OF JAPANESE MILITARY SPENDING CITED

LD110017 Moscow TASS in English 1842 GMT 11 Feb 87

[Text] Beijing February 11 TASS--The decision by the Japanese Government to lift the cap that has kept until now Japan's military spending to within one percent of the Gross National Product was censured everywhere, the newspaper "RENMIN RIBAO," the organ of the Chinese Communist Party Central Committee, writes today.

It stresses that no allegations that Japan will keep abiding by the provisions of the peaceful constitution, the defensive frameworks and the three non-nuclear principles can remove concern and anxiety in other countries in the region.

The newspaper recalls that after the Second World War Japan agreed that its Armed Forces should be limited only to defence. But already today its military spending amounts to 24 billion dollars. This, it would seem, is quite enough for the country which declares in sequel that it remains a peaceful country.

The move was made to meet the U.S. demands and coordinate and bolster the allied relations with the United States. The United States has long since been demanding that Japan increase its military appropriations and the National Defence Forces so that under the U.S. global doctrine it could assume part of the U.S. functions in the Asian-Pacific region.

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CSO: 1812/116

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

NEW TIMES ON GULF WAR, EFFECT OF 'IRANGATE' IN TEHRAN, U.S.

PM161721 Moscow NEW TIMES in English No 5, 9 Feb 87 pp 22-23

[Leonid Medvedko article: "Hell in the Garden of Eden"]

[Text] Biblical legend has it that the area adjoining the confluence of the Tigris and the Euphrates was once the Garden of Eden. Now, ever since the Iranians mounted their latest "decisive offensive" at Basra, it has become a veritable hell. A heavy pall of black smoke hangs over the terrain. Shell and bomb explosions rend the air. There are mountains of corpses all around. Rivers, marshes and the coastal waters of the Persian Gulf are red with blood. In only ten days of fighting the casualty toll ran to tens of thousands. And the bloodshed has been going on for more than two thousand days....

The Iranian offensive was first code-named Kerbala-4. When the initial thrust spent itself, it was followed by an even more ferocious onslaught, Kerbala-5. The soldiers are convinced that they are waging a "holy war."

Thirteen centuries ago the fourth Caliph Ali, and the grandson of the prophet, Husayn, descendants of Muhammad the founder of Islam, were killed and buried in the environs of the Iraqi cities Najaf and Karbala. The last direct descendant of the prophet was hacked to death by the supporters of the Omayyad Dynasty. He met his death at the hands of a mob, for, according to legend, no one wanted to assume personal responsibility for the murder. For 13 centuries, on days of mourning for Husayn, millions of Shiite Moslems perform the traditional savage ritual of self-flagellation: the mourners, following the chariot carrying an effigy of Husayn the martyr, beat themselves with chains, sometimes to death.

But neither the torments of the murdered Husayn, nor the self-flagellation of his fanatical followers can compare with the loss of life and the sufferings of the millions of Iranians and Iraqis who are bound to the chariot of the bloodiest and most senseless of wars between two Muslim states--Iran and Iraq.

News analysts the world over have recently noted on ever more occasions Iraq's growing desire to put an early end to hostilities. Baghdad has repeatedly proposed to stop the senseless bloodshed advantageous only to imperialist powers. The ending of the war is doubtless in the interests of the Iranian people too.

The Iraqi name of the war is associated with the historic battle of Qadisiyah where, in the year 637, the Arabs routed the Persian forces and thereby paved the way for Islam to Mesopotamia and Iran. Whom is the present senseless war paving the way for?

It is a well-known fact that in the heat of battle the real reasons for it are forgotten. Moreover, the true culprits remain in the shadows. The roots of the Iranian-Iraqi war can be traced to the depths of the centuries and the labyrinths of present-day politics. Interwoven in it are of course both territorial claims and political contradictions. Many of them have been inherited from colonialism. But they would not have developed into protracted war if outside forces had not had a hand in it, particularly the CIA and the Israeli Mossad. The Iranian newspaper KEYHAN, and subsequently several West European media, cited no little evidence of the provocative activity of members of the U.S. administration, including the former presidential national security assistant Zbigniew Brzezinski. His successors in this post have likewise contributed their share to fanning the Iranian-Iraqi war.

Although formerly they denied such accusations, "Irangate" has shed light on much that had been carefully concealed. The conflict between Iran and Iraq gave the United States wide opportunities to bring pressure to bear on both countries. Washington now makes no secret of its hope that in the final analysis the war would lead if not to the overthrow of one of the regimes of the warring sides, then at any rate to their rapprochement with the West.

It is not for nothing that former U-S. Secretary of State Henry Kissinger has sharply criticized the Reagan administration in connection with the "Irangate" scandal. Not because its secret deliveries of arms to Iran added fuel to the flames of the war; Kissinger supposedly feared that an Iranian victory "would undermine all moderate forces in the Muslim world." But that is not the real reason. Kissinger personally believed that the best thing would be if both sides lost the war.

The course of the hostilities at the front and the consequences of the war in the rear, unfortunately, are bringing that cynical and well-nigh incredible desire closer to realization from day to day. Both sides are indeed suffering ever greater losses as time goes on.

The virtual equilibrium of forces that has emerged in the course of the war has created something of a balance of weakness on the battlefronts. In the first two years of the fighting Iraq held the initiative. Its troops succeeded in advancing to a considerable depth inside Iranian territory. But at subsequent stages the war gradually began to assume a positional character. In mid-1982 the Iraqi troops were ordered to withdraw to their own frontiers. Baghdad expressed a readiness to restore the prewar status quo. Tehran, however, rejected this peaceful alternative and mounted three thrusts into Iraqi territory--at Haj-'Umran in the north, Mandali-Baghdad in the centre and Basra in the south. By the end of 1986 the Iranians scored their biggest gains in the south, where they captured about 240 square kilometres of Iraqi territory.

For both countries the war has spelt incalculable misfortune and suffering. According to foreign press estimates, by the end of 1986 Iran lost about 600,000 and Iraq nearly 400,000 people, and the number of wounded exceeded three million. Millions of people have lost their homes and become refugees.

The material losses run to hundreds of billions of dollars. According to official data, the war is costing Iran 6 million dollars a day. Economic experts calculate that the war is swallowing up no less than a billion dollars every month on each side.

Despite the loss of life which mounts from year to year and the dispatch to the front of every new contingents of recruits and volunteers, the number of unemployed in Iran, far from decreasing, has been periodically growing, fluctuating between 4 and 6 million. Strikes and anti-war demonstrations are becoming increasingly frequent in Tehran and other Iranian cities.

Although the influence of "Irangate" on the war is denied in Tehran, the fact is that it was shortly after the outbreak of the scandal over the delivery to Iran of American arms that the beginning of the countdown for the decisive offensive was announced. There have been more than 20 such "decisive offensives." Their results have strengthened the position of Washington and its allies and not Tehran and the Moslem world in general. This is evidently realized by the supreme leader of the "Islamic revolution," Ayatollah Khomeyni himself. The Western press once quoted his warning: "If--God forbid!--the United States wins this war, then Islam will be slapped in the face so that it will not be able to raise its head for a long time." The Iranian leadership, however, has not drawn the proper conclusions from this correct premise. It continues to reject all offers of peace, regarding them as "worse than war." It is unlikely that the peoples of Iran and Iraq share this view.

The baneful effects of the Iranian-Iraqi war are making themselves felt throughout the Middle East. There is widening rift between the Arab and other Muslim countries whose attitudes to the participants in the conflict differ. All this is damaging to their main common objective--to counteract the aggressive, expansionist course steered by Israel backed by the U.S.

This vast traditional Islamic region, in Washington's view, is automatically becoming a zone of "responsibility" for the interventionist forces of the U.S., as well as a profitable market for under-cover arms sales.

"Irangate" has shed new light on many secrets of the White House, the CIA and the Pentagon. The U.S. CHRISTIAN SCIENCE MONITOR, for instance, has observed that the sale of American arms significantly increased the offensive potential of Iran. But that is not all. It turns out that the CIA has been supplying both sides with intelligence information. Iraqi Deputy Prime Minister Ramadan said recently that the Iraqi Government is convinced that the U.S. sold weapons to Iran and supplied false information to Iraq in order to "drag out the war and use the 'Iranian threat' for exerting pressure on the Arab countries," and possibly as a pretext for direct intervention.

This assumption has been confirmed by reports in the press that the Pentagon has dispatched a large task force, led by the aircraft carrier Kitty Hawk, to the Persian Gulf. The F.R.G. journal DER SPIEGEL points in this connection to the possibility of a U.S. intervention in the event of the fall of Basra. An operation of this kind has long been envisaged in one of the Pentagon scenarios for the eventuality of one side in the war gaining the upper hand. Here one can discern another entirely new aspect of "Irangate." Is not Washington deliberately helping Tehran to gain perhaps a short-term but "sensational" advantage in order to have a pretext to intervene with the object of "disengaging" the belligerents? Such an operation would not only justify "Irangate" post factum, but would divert attention from it.

More, the Lebanese AL-ANWAR newspaper believes that against this background Washington could attempt to hasten the unravelling of the Middle East knot and overthrow the ruling regime in Iran in order to bring to the fore the "moderates" with whom the Americans have long had secret contact.

This writer has lately had occasion to participate in many international forums and conferences, including the international Islamic conference: Moslems in the Struggle for Peace, held recently in Baku, at which I represented the Soviet Afro-Asian Solidarity Committee. At all of these forums it was urged that an immediate end be put to the fratricidal war and that a political solution to the protracted conflict be found at the negotiating table. Addressing all parliaments, governments and the United Nations, the Baku conference recalled the profound meaning of that surah of the Koran which enjoins the faithful that power be used for the good of life and not for death, for power is given to prove who is most righteous in his actions. One of those present at the conference justly asked: if the Koran forbids Muslims to kill Muslims, surely it is a greater crime for a state with an Islamic regime to declare as its aim the destruction of another sovereign Muslim state? The same thought was expressed by participants in the Kuwait high-level meeting of the Organization of Islamic Conference. They called on Iraq and Iran (the latter, incidentally, boycotted this meeting) to put an end to the fratricidal war.

The Soviet government has repeatedly confirmed its readiness to give every support to any honest and constructive effort, including within the United Nations framework, with a view to channelling the Iranian-Iraqi conflict onto the lines of peaceful solutions. The spirit of humanism pervades its statement of January 8 this year containing an appeal to the belligerents to display good will and exert maximum effort to end the senseless bloodshed which brings suffering above all to the peoples of both countries.

/8309

CSO: 1812/115

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

MURDER OF LEBANESE COMMUNIST PARTY OFFICIAL ASSAILED

'Reactionaries', U.S., Zionism Involved

PM231539 Moscow PRAVDA in Russian 20 Feb 87 First Edition p 5

[Vladimir Peresada "Commentator's Column": "Barring the Way to Terror"]

[Text] A villainous act has been committed against the Lebanese Communist Party [LCP]: Husayn Muruwah, a member of its Central Committee and a prominent writer and public figure, has been killed in Beirut.

This is by no means the first instance when reactionary circles have used the situation of protracted Lebanese internecine strife, which is being fanned from outside, to take physical reprisals against Communists. Dozens of LCP cadre workers and activists have died at the hands of killers since Lebanon was plunged into the abyss of an acute crisis 12 years ago. Anticommunist terror has essentially been unleashed in the country recently. As of last year alone, the following have died: Suhayl Tawilah, Khalil Nawas, and Michel Wakid, members of the LCP Central Committee; K. Sabah, D. al-Jasim, and H. Sabbagh, members of the leadership of LCP organizations in Southern Lebanon; and other comrades. And now there has been a new victim.

It should be said that reactionaries are directing their weapons not only against Communists but also against other Lebanese patriots. The purpose of these vile crimes is clear: to strike on an ever increasing scale against the progressive patriotic forces in Lebanese society which consistently champion both the aspirations of the working masses and Lebanon's national interests.

The reprisals against Communists are not accidental. The Communist Party is actively involved in the struggle against Israeli aggression, which is continuing with U.S. support, for a settlement of the crisis in the country by reaching national concord on urgent sociopolitical reforms, and for Lebanon's sovereignty, unity, and territorial integrity. This line was reaffirmed by the recent Fifth LCP Congress.

If we ask the question "Who benefits from weakening the Communist Party?" then, in answering it, we should scarcely bear in mind only internal Lebanese disagreements and clashes. As events have already shown repeatedly, professional masters of anticommunist diversions are also highly active in the

troubled waters of internecine strife. "The criminals' hand," the newspaper AL-NIDA, organ of the LCP, writes, "is clearly directed by imperialist and Zionist circles, which would like to strike a blow not only against our party but also against other national patriotic forces in the country and against the entire communist movement in the Arab world."

At the same time, it is clear that it is precisely the grave situation inside Lebanon that is preparing the ground for sallies by reaction. The split among the national patriotic forces themselves is a particularly alarming fact. This split is making the struggle to end the Israeli occupation of Southern Lebanon extremely difficult and is weakening the country in the face of the aggressive policy of blackmail and threats on the part of the United States, which has assembled dozens of warships in the East Mediterranean. It complicates the path to national unity all the more.

In the interests of achieving these aims all Lebanese patriots are faced more acutely than ever with the task of rallying together and dealing a rebuff to reaction and its patrons.

Lebanese Statement Mentions Amal

LD211554 Moscow TASS in English 1502 GMT 21 Feb 87

[Text] Beirut February 21 (TASS)--An official spokesman of the Lebanese Communist Party has made a statement strongly condemning the campaign of prosecutions against Lebanese Communists.

He emphasized that since the start of deplorable events in West Beirut the Lebanese Communist Party had exerted every effort to put an end to the hostilities. It urged all forces to refrain from such methods as round-ups, kidnappings and physical liquidations of people. The killing of Hussein Mrue, a prominent cultural figure, member of the Central Committee of the Lebanese Communist Party, became the extreme manifestation of these criminal methods.

It is deplorable that certain circles in the leadership of the Amal movement instead of seriously approaching the question of ceasefire and refraining from kidnappings, tortures and killings, ignored our calls. In the past five days repressions were unleashed against dozens of communists, progressive and patriotic leaders. These actions involved certain circles of the Amal movement in Beirut, the southern suburbs of the capital and south Lebanon. Communists and members of their families were arrested in a number of neighbourhoods in the capital. Several teachers, including non-party people, were killed in south Lebanese villages.

The statement calls for an immediate end to the prosecutions and for the release of those kidnapped. The LCP spokesman emphasized in conclusion that the lists of detained persons and sacked flats would be handed to the members of the Lebanese Government, religious and political leaders and Syrian military observers. The Communist Party put the full responsibility for the life of those kidnapped on the circles of the Amal movement engaging in illegal activities.

MIDDLE EAST/NORTH AFRICA/SOUTH ASIA

IZVESTIYA INTERVIEWS EX-DUSHMANS IN KABUL JAIL

[Editorial Report] Moscow IZVESTIYA in Russian 31 January 1987 Morning Edition carries on page 4 under the headline "Eye-opener. Reportage From the Pol-E Charkhi Jail" a 1,000-word dispatch by correspondent D. Meshchaninov datelined Kabul and introduced by the following IZVESTIYA note:

"The Afghan government's course of national reconciliation and the cease-fire by government troops have engendered a broad response among the whole Afghan people and in the ranks of those who are still fighting with weapons in hand against the people's power. An amnesty has been proclaimed for members of opposition groupings unblemished by terror or espionage. In growing numbers they are ceasing the armed struggle and taking the path of national reconciliation. Freedom is also being granted to many former dushmans who are imprisoned and want to atone for their guilt before the Afghan people.

"Our correspondent in Afghanistan visited one of the jails and conversed there with several former members of counterrevolutionary gangs who have realized the pointlessness of bloodshed and express their desire to return to peaceful life."

A scene-setting opening passage is followed by descriptions of statements given to Meschaninov by Najibullah, former member of "an armed detachment belonging to the 'Movement for Islamic Revolution' grouping," who tells how he was arrested while extorting money from a merchant and claims that he "did not participate directly in combat operations"; Mohammad (Dzhan), a 56-year-old former employee of "Afghan Container," who was lured into acting as a contact for an "armed grouping operating in Kabul Province" by promises of "good money"; and Gholam Mahmud, former "member of a 24-man strong armed detachment belonging to the 'Islamic Society of Afghanistan'" who claims to have spent only "a month and a half in the gang" which "attacked guards positions, small subunits, and motor convoys."

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CSO: 1807/212

ARAB-USSR ECONOMIC, TECHNICAL COOPERATION VIEWED

Moscow FOREIGN TRADE in English No 1, 1987 pp 24-29

[Article by Yevgeni Osadchuk, Deputy Chairman of the USSR State Committee for Foreign Economic Relations]

[Text]

Economic and technical assistance to newly-free states is an important element of the Soviet Union's foreign policy which is aimed at safeguarding peace and forming a comprehensive system of international as well as economic security.

The Guidelines for Economic and Social Development of the USSR for 1986-1990 and for the Period Ending in the Year 2000 set the task: "To deepen cooperation with developing countries. To render them assistance in the construction of industrial and power engineering projects, the development of transport, agricultural mechanization and land irrigation, geological prospecting for mineral and fuel reserves, personnel training and in other fields, while promoting broader industrial use of natural wealth, and an increase of commodity resources in these countries, the formation and development of their national economies and their advancement along the

road of independence and progress. To continue the consistent implementation of long-term, coordinated programmes of trade, economic, scientific and technical ties with these countries."¹

All this fully applies to the Soviet Union's economic and technical cooperation with friendly Arab states which the USSR maintains, in varying volumes and with varying intensity, with 15 newly-free countries of the Middle East and North Africa. The strength and reliability of this cooperation has been tested by time.

Soviet-Arab economic and technical cooperation accounts for a sizable share (more than 25 per cent in the period between 1981 and 1985) of the overall volume of Soviet cooperation with the developing countries, and this share keeps growing all the time.

More than 540 projects in the power industry, ferrous and non-ferrous metallurgy, oil and gas industries, agro-industrial com-

plex, water management, construction materials industry, communications and transport, including the construction of railways, machine-building plants, educational and research institutions have been built, are under construction or are still to be built in Arab countries of the Middle East and North Africa with Soviet technical assistance. More than 330 of these projects are already operating, more than 40 of them being commissioned in the past five-year plan period.

Soviet experts assist in the operation of the newly-built projects and in solving a whole range of problems ensuring their effective work.

The large-scale and long-term character of Soviet economic and technical cooperation, encompassing practically all the decisive sectors of the Arab countries' economy, is normally based on intergovernmental agreements. A large number of such agreements have been signed with ten Arab states over the past years, which govern the whole package of the terms of cooperation on the basis of mutual benefit and equality.

All this makes logical the gradual transition of our cooperation with a number of Arab countries to long-term programmes that are furthering the development of trade, economic, scientific and technical ties. Such programmes for the period up to the year 2000 have been signed by M.S. Gorbachev, General Secretary of the CPSU Central Committee, with Muammar al-Gaddafi, leader of the Libyan revolution, in October

1985 and with Chadli Bendjedid, President of Algeria, in March 1986. Long-term agreements and cooperation programmes help adjust main cooperation projects to the planned system of the Soviet economy and to the socio-economic development plans of our Arab partner-states, some of which have started long-term national economic planning and are beneficially cooperating with Soviet planning agencies.

One of the principal directions in Soviet-Arab relations is assistance to those countries in the exploration and development of their natural resources (oil, gas, iron and non-ferrous ores, gold, phosphates, non-metallic minerals, etc.) as one of the real primary sources of foreign-exchange earnings to be used in the settlement of their socio-economic problems and in the fulfilment of their development programmes. This includes assistance not only in mineral prospecting and mining, but also in the establishment, with due regard for the existing conditions and diverse technical and economic factors, of comprehensive national mining and processing industries.

A graphic example in this field is the cooperation of Soviet and Algerian organizations which resulted in the establishment of a national geological service in Algeria and in the exploration of large deposits of mercury, iron ore, lead, zinc, tungsten, tin, barite and other minerals, including non-metallic. Many of these deposits have become a raw-material base for the development of corresponding

national mining and processing industries. Respective Soviet agencies continue their cooperation with Algerian organizations involving systematic geological surveys and comprehensive prospecting on the whole territory of the republic, with verification of the existing geological maps.

In Morocco, Soviet organizations are participating in a detailed exploration of a promising deposit of phosphates in the Mescala region, which are the country's principal mineral wealth, and are making a cost analysis and feasibility study to verify the profitability of setting up a mining and ore-dressing enterprise on its basis.

The existence of specific mineral resources in the countries of the region decides the development order of their national industries. In Algeria and Egypt, for example, ferrous and non-ferrous metallurgy have flourished on this basis and the development of national machine-building industries started in those countries.

A special role in Soviet-Arab ties belongs to Soviet assistance to Iraq and Algeria, which has been going on for several decades now, in the establishment and comprehensive development of independent oil and gas industries. This assistance began immediately when these two countries nationalized all their oil and gas enterprises. Syria set up its national oil industry with the help of Soviet specialists virtually from nothing.

There is close cooperation between the Soviet Union and Libya in developing the latter

country's oil industry too. First promising results of oil prospecting are coming in from the People's Democratic Republic of Yemen, which has enabled the two countries' respective organizations to start drafting and implementing a comprehensive programme of work in this field for the period up to 1990.

Soviet assistance in promoting the oil and gas industry is being organically complemented with cooperation in the transportation of the fuel industries' products. With the assistance of Soviet organizations pipelines have been built and are under construction in the countries of the region. Their length comes up to more than 1,800 km. A 650-km gas pipeline from Alrar to Hassi Messaoud in Algeria and a 570-km gas pipeline from Marsa el Brega to Misurata in Libya were completed in the short period between 1981 and 1985. Construction of a new gas pipeline has started in Iraq, and preparations are under way for the construction and modernization of oil and gas pipelines in Algeria and Libya. The commissioning of these projects will help solve a host of problems concerning the use of natural gas for industrial and communal needs in those countries and also begin its export to other countries.

Soviet assistance in the exploration and development of natural resources in Arab countries is distinguished by its comprehensiveness, which includes the formation of a scientific base for undertaking research programmes. By analyzing and generalizing all the

available geological and geophysical data and handling comprehensive geological investigations, Soviet experts draw up programmes (master plans) for the development of specific mineral deposits and conduct feasibility studies on the construction of large projects and the establishment of entire new industries.

All these plans and studies become the national property of the interested Arab countries. The plans are continuously updated and checked on the presentation of new data and requirements.

When examining the current state of Soviet-Arab cooperation, the serious difficulties which the Arab producers and exporters of oil and other raw materials face as a result of the price drop on the world market have to be borne in mind.

The progressive oil-producing Arab countries have always used their oil revenues for the development of their national economies, seeing this as a primary condition for the settlement of their main socio-economic problems.

These revenues have played the decisive role in the strategy of their economic development. In countries like Iraq, Algeria and a number of others the emphasis has been and remains on the task of accelerating the establishment and development (with the money earned from the export of oil and gas and their derivatives) of new economic sectors unrelated to the production of hydrocarbons and mostly designed to ensure the maximum self-sufficiency in food.

The reduction in the revenues from oil and gas exports has certainly affected the socio-economic programmes of almost all oil-producing Arab states, including new employment schemes which are quite important in view of the demographic situation in such Arab countries as Algeria and others.

Parallel to this, the new situation has placed the tasks of intensifying their economies, of producing goods previously imported from other countries and the problems of shelving prestigious but expensive projects in these countries' focus of attention.

In tackling these strategic tasks the friendly Arab states see the Soviet Union as a reliable partner and ally. When necessary, the USSR and the countries concerned make mutually acceptable adjustments to their economic and technical cooperation plans.

It is therefore no wonder that Soviet assistance to the countries of the region in the field of irrigation, water management and land reclamation is one of the most important directions in our economic and technical cooperation (current agreements provide for the construction of 160 projects in the agro-industrial sector, of which about a hundred are already in operation).

The volume of such cooperation is traditionally large in the USSR's relations with Syria. In particular, great perspectives for land irrigation and expansion of the sown areas of cotton, grain and other crops have opened in that country

due to the effective and economical use of the water in the Euphrates hydropower station's reservoir. This will, in time, double the area of irrigated lands.

Soviet assistance to Iraq in the water management and irrigation sphere will enable that country to increase the area of irrigated lands by 25 per cent. The system of canals, dams and reservoirs being built in Iraq with the participation of Soviet organizations is resulting in the more effective use of farmland and will eventually make the century-old dream of the Iraqi people to control the runoff of the rivers Tigris and Euphrates come true.

Another country with which the USSR maintains large-scale cooperation in water management is the People's Democratic Republic of Yemen. About 30 per cent of all irrigated lands in the republic were made ready for farming with the assistance of Soviet organizations. In particular, in the previous five-year period, the two countries' experts completed the modernization of the Batis dam, the major irrigation project in the Abyan province which is the principal crop-producing region in that country.

The USSR assists in the designing and construction of irrigation dams and other water-management projects in Algeria, Tunisia and many more Arab countries.

This form of cooperation with Arab countries is likewise based on the drawing up of general or regional schemes on the use of water or water and land resources by the partner states, or on scientifically-grounded programmes.

Such schemes have been elaborated, or are being prepared, for Syria, Iraq, Algeria, Tunisia, the People's Democratic Republic of Yemen and the Yemen Arab Republic.

An important, even though technically difficult, form of cooperation is the work to promote more effective use of the existing economic potential through the modernization, expansion or reconstruction of industrial works and other projects instead of the construction of new ones.

One example of such cooperation is the El Hadjar steel mill in Algeria. Expansion and modernization of its second stage has helped appreciably increase the output of steel and coke, diversify the list of rolled metal items and upgrade product quality in general. In July 1986 the Polytechnical Museum in Moscow hosted the first exhibition of Algerian goods, including processed exports, among which some high-quality products of El Hadjar were on show. Modernization of the mill still continues, and in July 1986 the two countries signed a contract on the production of spare parts and sub-assemblies for the modernization, which will enable the Algerian steel-makers and machine-builders to complete a whole series of tasks ensuring effective operation of that important economic project.

Similar questions concerning the reconstruction and modernization of existing works are being resolved through cooperation with other Arab countries, too.

Of special and ever growing importance are the USSR's exten-

sive ties with Arab countries in the power industry. Experts from both sides jointly ensure effective operation of power stations constructed some years ago and are building new ones.

In Syria, a project of great importance for the development of the country's industry and agriculture is the Euphrates water-engineering scheme with a 800 MW hydroelectric power station. The station generates about one third of all electricity in the country. Soviet experts are giving assistance to Syria in constructing the Al Baath redistribution dam. Soviet and Syrian organizations have started preparatory work for the construction of new large power projects: the Tishrin thermal power station near Damascus (400 MW) and a hydroelectric project of the same name and power on the river Euphrates.

Large power projects have been built with Soviet assistance in Iraq. Of late, they have been producing up to 45 per cent of all the country's electricity. A major step in the development of bilateral cooperation in this field was made in the past five years. This includes the construction, with the participation of Soviet organizations, of the large hydro-electric project Hadithah (Al-Qadisiya), now nearly completed. The two countries have also signed agreements for the construction of new thermal power stations and of a hydro-power complex near Baghdad, with a 300 to 400 MW power station on the Euphrates.

Power engineering is becoming an important direction in Soviet-Algerian economic and technical

cooperation whose principal project in the coming years will be a new 630 MW thermal power station at Jijel. Soviet and Algerian organizations are already working on that project.

A thermal power station with a water distilling installation is under construction in the city of Aden in the People's Democratic Republic of Yemen. In Jordan, Soviet experts are assisting in extending the power-supply network in the country's agricultural areas.

A great role in the development of the Egyptian economy is played by the Aswan hydropower complex which during a long drought provided water for irrigation and electric power for the population and industry. In July 1986 Egypt celebrated the 16th anniversary of the start-up of the last, 12th power unit of the station—a major project in Soviet-Egyptian cooperation.

One could cite many other examples of successful Soviet-Arab cooperation, but in view of the limited space reserved for this article we can only examine some general features of this cooperation.

A particularly important part of the Soviet Union's general line in its foreign economic relations is assisting the developing countries to establish, develop and consolidate, with due regard for the natural and other conditions, their national production and research potentials, help them progress independently and fulfil (with the optimal participation of foreign countries) their national socio-economic programmes.

A primary role here belongs to

eradication of the great evil colonialism has left in all developing countries, including the Arab nations: the denied opportunity for them to have their own qualified national personnel in sufficient numbers. With Soviet assistance about 90 educational institutions for training specialists in various professions have been set up and are effectively combating this problem in the Arab countries. An example in point is the Algerian National Institute of Oil, Gas and Chemistry in Boumerdes which has already trained about 4,000 engineers and technicians for Algeria and other Arab countries and who are now successfully working in the key economic sectors of their countries. By the start of 1986 more than 520,000 Arab specialists and skilled workers had, with Soviet assistance, passed through various educational and vocational training establishments.

Practically all programmes having to do with economic and technical cooperation including turn-key projects occasionally handled by Soviet organizations, are accomplished with the broad and ever growing participation of specialists and engineers in Arab organizations and companies which are often set up with the help of the Soviet Union. Today, many national construction agencies which the Soviet Union has helped set up in Iraq and Syria are building complicated irrigation systems without any foreign assistance.

In Algeria, the national constructional organizations are not only engaged in civil and industrial

construction, but are also producing certain types of equipment at their own engineering works for the Jijel thermal power station which is being built with Soviet assistance and as well as for other projects. In most Arab countries the national companies independently handle practically the whole complex of work concerned with oil and gas exploration and their extraction.

An important element of Soviet-Arab cooperation is the principle of mutual benefit applied on the basis of mutual decisions which consider the importance of the projects in the cooperation and the real capabilities of the parties.

Mindful of the economic and financial difficulties- all the developing countries, including a number of Arab states, face, the Soviet Union grants them credit on concessional terms which match the requirements and capabilities of the particular country. The volume of such credit has appreciably grown in recent years. Parallel with this, it jointly develops and implements measures with these countries that prevent debt accumulating as a result of this financial assistance. To this end, the USSR is increasingly using the practice of compensation deals under which Soviet credit is repaid with products our national economy needs that are manufactured at the projects built through bilateral cooperation. Such products are extensively used in our bilateral trade, too. As repayment for the granted credit the Soviet Union also accepts Arab countries' traditional export goods thereby

settling the problem of the developing countries selling their products in a way that suits both sides.

These and other terms of Soviet assistance enable the developing countries to use their financial and material resources for development purposes and repay the Soviet credit without injuring their own national economy.

One may be also reminded here that despite the sizable volume of the socialist countries' assistance to developing countries in the latter's foreign debt they account only for about three per cent.

Mention should also be made of the successfully operating joint intergovernmental commissions on trade, economic, scientific and technical cooperation between the Soviet Union and Algeria, Iraq, the People's Democratic Republic of Yemen, Syria, Libya, Morocco, the YAR and Tunisia. These commissions and their working bodies settle a whole range of problems arising in the course of economic cooperation, promote its growth on a long-term and planned basis.

In today's world with its two opposite socio-economic systems there are also two fundamentally different types of interstate economic relations.

The imperialist powers with their policy of neocolonialism are trying to thwart all progressive socio-economic changes in developing countries, keep them as raw-material appendages of the West,

emasculate their sovereignty and retain or even strengthen imperialism's control over these newly-free countries.

The Communist Party of the Soviet Union, to quote the new edition of its Programme, "supports the just struggle waged by the countries of Asia, Africa and Latin America against imperialism and the oppression of transnational monopolies, for the assertion of the sovereign right to be master of one's own resources, for restructuring international relations on an equitable and democratic basis, for the establishment of a new international economic order, and for the deliverance from the burden of debt imposed by the imperialists."²

The new Soviet economic strategy worked out at the 27th CPSU Congress places emphasis on the faster socio-economic development of our country on the basis of higher production efficiency and scientific and technological progress. This strategy, including the ongoing measures to streamline our country's foreign economic relations and apparatus, is a real foundation for the further development and higher effectiveness of economic and technical cooperation between the Soviet Union and the developing countries, which obviously includes friendly Arab nations.

¹ Materials of the 27th Congress of the CPSU, Politizdat Publishers, 1986, p. 328 (in Russian).

²Ibid., p. 175.

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SUB-SAHARAN AFRICA

BRIEFS

GHANA-USSR TRADE RELATIONS---Last October marked the 10th anniversary of the signing of a Soviet-Ghanaian Trade Agreement which is still in force. The Agreement provides the basis for the countries to grant each other the most-favoured-nation treatment, effect payments in freely convertible currency. The parties have chosen a form of settlements making it possible to dynamically trade in any products with account of the capabilities and requirements of Soviet and Ghanaian organizations. The Soviet Union supplies Ghana with small quantities of machines, equipment and transport facilities, fresh and fresh-frozen fish, articles for cultural and domestic purposes, printed matter, in exchange for cocoa-beans. For the last five years the volume of trade between the two countries topped 200 million rubles. Prerequisites exist for Soviet-Ghanaian trade to progress further. Both countries' foreign trade organizations are making every effort to consolidate and expand their economic ties. [Text] [Moscow FOREIGN TRADE in English No 1, 1987 p 29] [COPYRIGHT: "Vneshnyaya trgovlya" 1987 English translation, "Foreign Trade", 1987] /9317

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